ALEXANDRA PLC

REPORT & ACCOUNTS
YEAR ENDED 31 JANUARY 2008

clothes that mean
business

Contents

Alexandra plc

IS A MULTINATIONAL SUPPLIER OF WORKPLACE CLOTHING DEDICATED TO PROVIDING CUSTOMERS WITH INNOVATIVE DESIGN, TOP QUALITY GARMENTS, BEST PRICES AND THE HIGHEST LEVEL OF SERVICE SUPPORT.

FINANCIAL HIGHLIGHTS

"Although the results for the year were below management expectations, nevertheless there have been a number of positive achievements during the year, including significant productivity improvements, further overhead reductions and an excellent performance from the Corporate sales team"

Julian Budd
Chief Executive

	Year ended 31 January 2008	Year ended 31 January 2007	+/- %
Revenue (£m)	**78.02**	81.48	- 4.2
Profit from operations (£m)	**6.98**	6.89	+ 1.3
Adjusted profit before tax* (£m)	**4.79**	4.95	- 3.2
Adjusted earnings per share** (p)	**10.2**	9.8	+ 4.1
Proposed total Dividend per share (p)	**6.5**	6.3	+ 3.2
Net debt (£m)	**25.4**	25.1	+ 1.2

* adjusted for restructuring costs in 2006 / 7 and profit / loss on disposal of fixed assets
**adjusted for restructuring costs, profit / loss on disposal of fixed assets and prior years' tax credit in 2006 / 7

- Revenue down 4.2% due to further business rationalisation and a deferred major roll-out which is now under-way
- Gross margin lower at 37.6% (2006/7: 38.8%)
- Total dividend for the year up 3.2% to 6.5p including a proposed final dividend of 4.3p
- Adjusted EPS up 4.1%
- New £35m bank facility agreed
- Net borrowing level at £25.4m, interest cover at 3.7 times

CHRIS MARSH - CHAIRMAN

MANY POSITIVE DEVELOPMENTS DURING THE YEAR

OVERVIEW

Although there were many positive developments within the business during the year, the results were below our expectations. The main reasons for this were a reduction in gross margin achieved on sales and the deferral of a major roll-out.

Revenues reached £78.02m (2006/7: £81.48m), £2m below the planned level due to a delayed major corporate roll-out. This has subsequently been delivered in the first half of the current year. Adjusted earnings per share of 10.2 pence grew 4.1% (2006/7: 9.8 pence), as significant overhead savings helped offset the reduction in gross margin.

Net borrowings remained level at £25.4m (2006/7: £25.1m). Business funding was secured through a new £35m facility with HSBC that provides ample headroom for organic growth. A recent conditional offer to purchase the Group's former factory site in Scotland for £7m, before estimated deductions of £3m, will provide an opportunity to reduce debt in the mid-term.

Operationally, significant new suppliers were identified that will benefit margins in the future whilst maintaining the reputation of the Alexandra brand for quality and value for money. I am also pleased with the development of the Group's programme of Corporate and Social Responsibility, encompassing policies for our employees and environmental and ethical practices.

OUTLOOK AND CURRENT TRADING

The market leadership and stability of the Group positions it well for success in the current year. The sales organisation has been strengthened and its efficacy is demonstrated by the recent major account wins secured by de Baer and Image Development in Ireland. The forecast economic slowdown in the UK has yet to impact order levels and we anticipate that recent changes in the market place should ease competitive pressures, allowing opportunities for modest price increases.

Cash flow has been encouraging in the current year and a reduction in year-on-year borrowings is anticipated by the end of the first half.

The product re-sourcing projects will go some way to restore margins and will particularly benefit the second half of the year.

***DIVIDEND** PER SHARE UP*
3.2%** TO **6.5P

In the mid-term, the conditional offer to purchase the former factory site in Scotland offers an opportunity to substantially reduce debt and strengthen the balance sheet. This would be the fruition of our plan for the site that was initiated over four years ago.

The Board has reduced its expectations for the current year in the light of the lower revenues and gross margin achieved during 2007/8 and uncertainty over the UK economy. However, we remain confident that Alexandra is well positioned in the sector and see real opportunities for profitable growth in the medium term.

Dividend

The Board is proposing a final dividend of 4.3 pence per share (2006/7: 4.2 pence) which, together with the interim dividend of 2.2 pence (2006/7: 2.1 pence), makes a total dividend for the year of 6.5 pence. This 3.2% increase reflects the confidence of the Board based on current trading, tempered with caution based on the predicted slowdown of the UK economy. Following approval at the AGM on 1 July 2008, the final dividend will be paid on 11 July 2008 to shareholders on the register at 13 June 2008.

Our People

The year has seen continued improvement in the quality and strength in depth of our workforce. New talented recruits have joined forces with the wealth of experienced and dedicated employees already within the Group and the Board extends its thanks and gratitude to them all for their continued hard work and commitment to customer service during the year.

CHRIS A MARSH
CHAIRMAN

Julian Budd - Chief Executive

Intense price competition during the year

Market Overview

Independent analyst research published during 2007 endorsed our view that the size of the UK corporatewear and workwear market has remained stable in recent years. Within this sector, Alexandra is the market leader, with a market share of approximately 20%. As noted in previous reports, the shift in product mix has continued, from traditional workwear towards bespoke corporatewear, leisurewear and personal protective equipment (PPE).

Price competition during the last year was intense, despite higher input costs due to the price of oil, labour rates and utility costs, as some competitors sacrificed margin to gain turnover. This is expected to ease in the current year, affording opportunities for selective price increases where conditions permit.

Despite forecasts of slowdown in the UK economy, the market offers excellent opportunities for the Group to achieve organic growth. Workplace clothing is a necessity in many industries which will lessen the impact of a general downturn. In addition, corporate customers increasingly see staff uniforms as not only essential to portraying the right brand image but also as a means to differentiate themselves from their competitors.

The competitive landscape in the UK remains volatile and Alexandra, with its organisational and financial stability, is well positioned within it. In Europe, consolidation of a largely fragmented market continues and this region remains an opportunity for growth in the mid-term.

Strategy

The strategic objective of the Group is to deliver profitable growth through leadership in the UK and wider European business clothing market.

The short-term goal is to use our strong competitive position within our current markets to drive organic growth and generate cash to reduce borrowings.

Turnover** down 4.2% to **£78.0 million

Operational Review

Sales

The rationalisation programme to improve profitability in certain areas of activity, together with the administration of a major garment laundry customer, accounted for 2.5% of the 4.2% reduction in sales for the year. The remainder related to volume, specifically due to a deferred customer roll-out. Excluding these items, underlying turnover was broadly unchanged, with mixed performance across the various sales teams.

The Corporate sales team had an excellent year, growing 6%, with £4m of new business wins at the start of the year being successfully delivered. Healthcare also enjoyed excellent results with strong demand from both public and private sectors. Both Prima and de Baer sales teams performed well, whilst overseas Holland again achieved exceptional results, posting double-digit growth for the third consecutive year.

As noted at the interim stage, the Scottish Sales, Industry and Retail and Hospitality sales teams did not perform to their potential during the year and a re-organisation of the sales function was undertaken during the second half to address this. The Group Sales Director left and Nick Atkinson, formerly the Managing Director of the Prima subsidiary, was promoted to Sales Director (Designate). An experienced Managing Director for Scotland and Ireland was also recruited and a significant improvement in results has already been achieved. The management of the Outbound sales team was streamlined and an improved incentive scheme introduced for the current year. Senior Executives were appointed by promotion for Prima and de Baer and most recently an experienced Head of Corporate business was recruited from a competitor to oversee the growing portfolio of major accounts. The Board feels this strengthened sales structure enables each team to focus on driving profitable growth.

Supply Chain

The most significant development within the supply chain was the completion of a major project by the procurement team to expand the Group's supply base in the Far East and Indian sub-continent. The resulting garment re-sourcing activities are ongoing and will produce significant cost benefits in the current year and beyond.

REVENUES (£M)

Distribution performed well during the period following the disruption caused by acquisition integration last year. Productivity improved across all sites, enabling an 18% reduction in total headcount to be achieved.

In Ireland, the small manufacturing site at Roscrea was shut down in April 2007 and the sales and distribution functions of Image Development and Corporate Apparel were consolidated into a single site on the outskirts of Dublin. Headcount was reduced from 38 to 12 and the combined business restored to profitability.

DESIGN & MARKETING

The two main activities in Marketing during the year were the production of a new catalogue and continued development of an improved "retail style" website. The catalogue contained many exciting new products and was mailed to over 300,000 customers during March 2008. The new website, whose content mirrors the catalogue, is about to be launched and will be functionally similar to the best High Street sites. This will provide our customers with a simple way to access our products 24 hours a day.

PEOPLE DEVELOPMENT

Whilst industry leading products and services are important, the Board recognises that the Group's employees are the key factor in enabling the business to achieve a high level of customer satisfaction. As a result, an initiative was launched in late 2007 that focused on increasing the investment in our workforce. The programme has begun to rollout during 2008 and includes:

- creation of a dedicated in-house training centre
- new, in-house management training courses
- improved induction process for new employees
- new employee benefits
- upgrading of the working environment, e.g. refreshment areas

We anticipate these projects will not only further improve the morale of our workforce but also aid with recruitment and retention.

GROSS MARGIN *LOWER AT* ***37.6%***

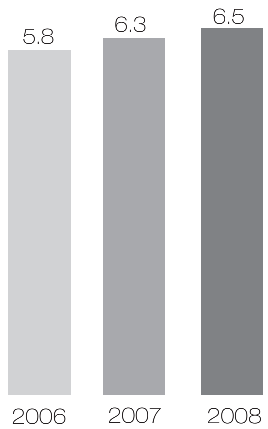
Principal Risks and Uncertainties

The principal risks and uncertainties confronting the Group fall broadly into two categories, market risk and business risk, and have remained largely unchanged from last year. The table below shows the specific risk areas within each category and how we have sought to minimise their impact.

Market Risks

Risk Description	Our Response
Recession in one or more sectors of the UK economy	Presence in all major market sectors and breadth of customer base reduces overall exposure to downturn in a given sector Use of workplace clothing is obligatory in many environments Over 70,000 active customers Use of temporary labour allows costs to be cut quickly in response to volume downturns
Disruption to product supply from third parties through political unrest or import quotas	Alternative suppliers in different regions are identified for key product lines Control is maintained over fabric and subcontracted labour elements of key products, allowing production to be moved swiftly to a new source
Disruption to product supply from the Morocco quick response unit	Use existing alternative suppliers with longer lead times and air freight garments to reduce the impact
Increasing price competition	Leading market position bestows large buying power to enable us to match any competitor Reputation of brand and quality of garments preserves pricing levels Opportunities to re-source garments to lower cost sources
Input cost inflation	Buying power enables cost increases to be minimised or deferred Ability to control price of catalogue products and annual price reviews contained within most corporate contracts
Currency exposure	Exposure to US $ purchases over next 12 months is hedged using forward contracts Euro-based receipts from European customers have a pseudo hedge against Dirham-based costs in Morocco
Interest rate exposure	Borrowings of £5m fixed at 4.97% interest until 2013 Ongoing review of interest cover levels and additional interest rate hedge instruments to protect core borrowing levels

DIVIDEND PER SHARE (PENCE)



BUSINESS RISKS

RISK DESCRIPTION	OUR RESPONSE
Business interruption	Duplicate mainframe AS400 ERP system housed in separate facility with MIMIX technology AS400 machines upgraded to latest models during the year Stock held in 3 distinct distribution centres, Bristol, Swindon and Glasgow Insurance policies in place to protect against loss of profits
Loss of large customer	No single account comprises >5% of turnover
Loss of senior management	Keyman insurance policies held Incentive plans in place to aid retention
Lack of management talent to support growth	HR team upgraded New experienced management recruited in sales and buying during the year Improved recruitment, retention and development programmes proving effective
Input cost inflation via people, transport, raw material and utility increases	Ability to pass on some costs via increased pricing Buying power provides relative protection versus the competition
Funding to provide working capital for future growth	New £35m facility structure agreed during the year Sufficient headroom exists to fund future organic growth Full stock market listing provides potential access to equity funding for future growth through acquisition in the mid-term

JULIAN R BUDD

CHIEF EXECUTIVE

*ADJUSTED **EPS** GREW TO **10.2P***

FINANCIAL REVIEW

KEN GIBBS - FINANCE DIRECTOR

GOOD OVERHEAD CONTROL SUPPORTED BOTTOM LINE

RESULTS

Revenues of £78.02m (2006/7: £81.48m) were £3.46m (4.2%) lower than last year. As described at the interim stage, £2.0m of the reduction was due to the rationalisation of the operation in Ireland, the disposal of three shops and a large garment laundry customer going into administration. On average, prices fell by circa 0.5% and this contributed £0.4m to the decline in revenues.

Gross margin reduced to 37.6% from 38.8% last year. The main causes were the continuing mix shift towards higher volume, lower margin, corporate customers (-0.7 percentage points) and the reduction in average selling price (-0.3 percentage points).

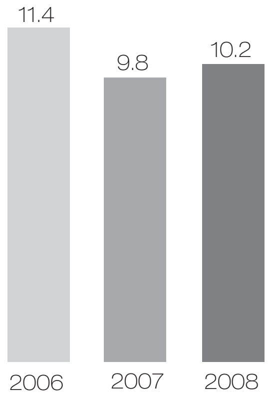
Profit from operations increased by 1.3% to £6.98m (2006/7: £6.89m). Overhead costs of £22.37m (2006/7: £24.73m) fell by almost 10%, offsetting the impact of the reduction in gross margin. This improvement reflected the benefits of the rationalisation programme undertaken at the end of last year and the significant productivity gains made within the distribution organisation. The total workforce of the Group declined by 9% during the year. In addition, the launch of the new catalogue was rescheduled from January 2008 to March 2008, saving circa £0.5m in 2007/8.

The acquisitions made during 2005 are now fully integrated and working well and there were no exceptional costs incurred during the year.

Finance charges increased by 13.5% to £2.19m (2006/7: £1.93m) due to the increases in the base rate during 2007. Bank interest comprised £1.91m of the total, and interest cover based on profit from operations remains satisfactory at 3.7 times. Adjusted profit before tax fell by 3.2% to £4.79m (2006/7: £4.95m) but adjusted earnings per share showed a 4.1% improvement to 10.2 pence (2006/7: 9.8 pence) after allowing for the effect of the disposal of property and prior year tax credits in 2006/7.

Net borrowings were level at £25.4m (2006/7: £25.1m) although gearing based on net assets improved to 90.1% from 102.8% last year. This was largely attributable to the revaluation of the former factory site at Bothwell Park. An offer of £7m to purchase the site for residential redevelopment has been received, conditional upon the receipt of planning permission, which, our advisors inform us,

ADJUSTED EARNINGS PER SHARE (PENCE)



is likely to be granted. Adjusting for possible development costs of £3m, the site has been revalued to £4m, an increase of £2.7m on net book value.

A new £35m banking facility was agreed with HSBC in June 2007, comprising a £10m, 7 year monthly repayment loan, a £10m, 5 year loan payable at the end of the term, a £10m, 3 year revolving credit facility and a £5m overdraft. This allows ample headroom for future growth and has protected the Group from the impact of the "credit crunch".

Inventory levels were unchanged from last year at £36.84m (2006/7: £36.90m), although the delayed major roll-out and stocking in advance of the catalogue drop increased the level from the half year. Trade receivables were higher as the delayed roll-out has been treated as deferred income and consequently will benefit cashflows and revenues during the first half of the current year. The long term liability relating to the defined benefit pension scheme reduced by 4.8% to £8.74m (2006/7: £9.18m).

Following advice received and in line with latest clarifications from the International Accounting Standards Board, certain costs relating to the set-up of new contracts and catalogues which have been consistently treated as prepayments in previous years have now been written off in the period in which they were incurred. Specific details are shown in note 33 to the financial statements and, in accordance with IAS 8, the results of prior periods have been restated to reflect the change. The net impact was to reduce profit after tax in 2006/7 by £0.49m and net assets by £1.28m.

PENSION SCHEME

Alexandra operates both defined benefit schemes and a defined contribution scheme. The defined benefit schemes were closed to new entrants on 1 July 2001.

In accordance with the requirements of IAS 19 the actuarial valuation of the Defined Benefit Schemes has been updated to 31 January 2008 and the gross liability, together with the associated deferred tax asset, has been included within the balance sheet. The updated valuation has resulted in a small decrease in the deficit, net of tax, of £0.14m from £6.43m to £6.29m. The actual Company contribution to the Defined Benefit Schemes was £0.98m (2006/7: £1.10m).

GEARING ***IMPROVED*** TO **90.1%**

The deficit remains significant but the membership is relatively young and the Directors consider that this can be eliminated over the life of the schemes.

Treasury Policy

The objective of the Group's treasury policy is to ensure that adequate financial resources are available for the development of the Group's business, whilst managing its currency and interest rate risks.

The principal financial instruments used by the Group, excluding derivatives, are acceptance credits, bank loans, overdrafts and finance leases. The main purpose of these is to raise finance for operations. Other financial instruments arise directly from trading activities such as trade debtors and creditors.

The Group also entered into derivative transactions during the year, principally forward currency contracts. The purpose of these is to manage currency risks arising from operations. Interest rate risk has been addressed through the interest rate swap agreed in March 2003. It remains Group policy not to trade in financial instruments.

The Board reviews and agrees policies for managing the risks associated with liquidity, currency and interest rates. The policies have remained unchanged throughout the period.

Liquidity

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, bank loans and finance leases. The cash requirements of the business are carefully monitored through detailed cash flow forecasts.

During the year, a new £35m committed working capital facility was agreed, the structure of which is outlined on page 10. This provides sufficient headroom to fund the predicted future requirements of the business. As at 31 January 2008, facilities of £10.9m had not been drawn down.

In addition to the working capital facility, the Group had agreed trade facilities of £7.6m at the year end, which is used to finance purchases from overseas suppliers through acceptance credits.

PROFIT FROM OPERATIONS (£MIL)

CURRENCY

The major currency exposures of the Group are to US dollars through the purchase of stock from overseas suppliers, Euros through the receipts from Pan-European customers and loans to overseas subsidiaries and Moroccan Dirhams through the costs of running the factory in Casablanca.

The net flows during the year were approximately £10m in US dollars, £6m in Euros and £4m in Dirhams. Forward currency contracts were used to hedge a significant proportion of the US dollar exposure to protect the rate used in pricing customer contracts. In addition, a €2.5m medium term Euro loan was taken out to offset exchange exposure to loans made to overseas subsidiaries. No Euro or Dirham forward contracts were taken out to hedge transactional flows because of the close correlation between the Euro and Dirham rate movements.

INTEREST RATES

The interest rate profile of the financial liabilities as at 31 January 2008 is shown in notes 20 and 21. In order to limit the effect of any increases in interest rates on the Group, an interest rate swap was acquired on 4 March 2003. This covers borrowings of £5.0 million for a period of seven years. This represents only 23% of the floating rate borrowings at year end (2006/7: 21%). The need for an increase in the hedged amount is regularly reviewed in relation to future cash projections for the business and the mid-term interest rate outlook. The aim is to mitigate the interest rate risk pertaining to the core level of debt required in the long term.

GOING CONCERN

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPIs) used by the Board to monitor progress are revenue growth, gross margin, profit from operations, adjusted profit before tax, adjusted earnings per share, working capital and net debt. These are used because they best indicate performance against the Group's strategic objective of delivering profitable growth,

*INTEREST COVER AT **3.7 TIMES***

which in turn will drive shareholder value. Performance against these metrics has been discussed in the Chairman's Statement, Business Review and Financial Review.

Non-financial KPIs are used within the major functions of the business to support the delivery of the key financial metrics by providing insight into operational efficiency.

	2008	2007
Revenue per salesperson		
- measures sales productivity	**£309,000**	£289,000
Total permanent non-sales headcount (excl. Moroccan factory)		
- indicates administrative efficiency	**317**	361
Number of garments per parcel		
- measures outbound carriage efficiency and customer service	**8.8**	9.3
Number of items picked / packed per person per day		
- measures warehouse productivity	**394**	329
Moroccan factory efficiency		
- measures productivity of quick response factory	**52%**	51%

Ken Gibbs
Finance Director

We believe that sound social, ethical and environmental practices make good business sense and have embraced these principles into our general operations.

Alexandra plc is committed to providing equal opportunities irrespective of sex, age, marital status, disability, sexual orientation, race, colour, ethnic or national origin or religious belief. Our employment policies provide a structure in which our staff can develop and achieve their ambitions and are regularly reviewed to ensure compliance with current employment legislation and good practice.

Examples of recent initiatives include the acquisition of the "Positive About Disabled People" accreditation, the support and promotion of the government's "Age Positive" programme as well as our "pro-active partnership" approach toward the following organisations:

- Commission for Racial Equality
- Disability Rights Commission
- Equal Opportunities Commission

A current and ongoing training programme aims to ensure that all managers and supervisors are fully aware of the requirements, beliefs and aspirations of the above.

In addition, we recognise that we are part of all of the individual communities that we serve, as well as of the wider national community. As such, we encourage and support a number of charitable initiatives and sponsor staff fundraising efforts for a variety of causes.

The Group's operations are executed at all times in such a way as to ensure, so far as reasonably practical, the health, safety and welfare of all of our employees and all other persons who may be affected by our operations.

We are committed to compliance with health and safety legislation, maintaining a safe working environment and ensuring the prevention of accidents. We regularly review and update procedures and training to ensure that, as far as possible, staff minimise any risks associated with their tasks. In addition we ensure that health and safety continues to remain a focus of attention for both management and staff with a series of task or risk-specific communications throughout the year.

Workplace risk assessments have been carried out and these are regularly reviewed on a rolling programme, with additional reviews where any new procedures are introduced or new risks identified. We encourage the active involvement of our staff, both through health and safety committees, where appropriate, and through line management.

All areas of the Group operate in accordance with the Group's Environmental Policy. We recognise the impact of our operations on the environment, and our aim is to reduce this impact and to operate in an environmentally responsible manner. To facilitate this we have achieved registration against BS8555 phase 1, as part of the process for implementation of an ISO 14001 Environmental Management System, gaining international recognition for our environmental initiatives and also for our future plans to further reduce our impact on the environment.

As part of the continuing development of our policies and practices we will not only continue to ensure compliance with all relevant environmental legislation, but will also develop the awareness and involvement of both staff and suppliers to work towards continued improvements.

Within Alexandra plc's operations the significant environmental impacts have been identified as energy consumption and waste produced. Working with the Carbon Trust a number of initiatives were identified, some of which have already been implemented whilst others continue to be reviewed to ensure that they provide the energy consumption reductions envisaged and that they fit in with any strategic developments that the Company has under consideration. A significant proportion of our cardboard waste is currently recycled and we continue to review options to both recycle other waste and to reduce the volumes of waste produced.

The Group is aware of its responsibility to ensure that its supply chain operates in a way which maintains acceptable practices with regard to their staff and the environment, and requires its suppliers to comply with the ethical and environmental standards detailed in our quality manual. We recognise that in some countries there are legal and cultural differences from our own, but we will only purchase from suppliers that meet core minimum requirements, as set out in the Ethical Trading Initiative base code, and are prepared to work towards continuous improvement in their operations. In operating our policy Alexandra's objective is to improve and not to judge.

Ethical Auditing is the responsibility of the Quality department, working with the Buying department.

To ensure that the ethical auditing programme is given sufficient priority the Company Secretary is responsible for ensuring that the Company's ethical policies are carried out, and reports to the Board of Directors on a regular basis.

Standards are checked using both our own staff and also independent consultants to carry out formal audits. We also have a dedicated team whose main role is to work with suppliers to ensure that they continue to comply with requirements and make improvements where necessary. Major suppliers are re-audited on a two-year rolling programme.

The Ethical Auditing programme is regularly reviewed and modifications to the process made from time to time to provide improvements.

In addition to carrying out our own ethical auditing programme, Alexandra plc has also been audited itself by a number of its larger customers. These audits have examined our procedures and have also included audits of some of our suppliers. All have been satisfied that Alexandra plc's procedures show a robust approach to ensure that suitable standards are maintained and that improvements are made where necessary.

	UK GAAP 2004 £000	2005 £000	IFRS 2006 £000	2007 £000	**2008 £000**
Income statement					
Revenue	70,410	70,723	77,010	81,478	**78,025**
Gross profit	27,377	27,803	30,285	31,627	**29,352**
Profit from operations	5,415	5,992	6,877	6,894	**6,984**
Restructuring costs	-	-	(698)	(2,480)	**-**
Profit before taxation	4,441	4,910	4,869	2,831	**4,755**
Taxation	(1,407)	(1,504)	(1,553)	(713)	**(1,385)**
Profit for the year	3,034	3,406	3,316	2,118	**3,370**
Balance sheets					
Non-current assets	11,803	15,734	22,501	21,468	**24,134**
Current assets	51,917	47,998	59,520	64,417	**70,278**
Total assets	63,720	63,732	82,021	85,885	**94,412**
Less: current and non-current liabilities	(33,630)	(41,718)	(59,908)	(61,422)	**(66,172)**
Net assets	30,090	22,014	22,113	24,463	**28,240**
Borrowings net of cash	14,516	11,465	21,216	25,148	**25,435**
Increase/(decrease) in borrowings net of cash	(5,348)	(3,051)	9,751	3,932	**287**
Statistics					
Gross margin	38.9%	39.3%	39.3%	38.8%	**37.6%**
Profit from operations	7.7%	8.5%	8.9%	8.5%	**9.0%**
Gearing	48.2%	52.1%	95.9%	102.8%	**90.1%**
Earnings per share - basic (note 1)	9.1p	10.2p	9.9p	6.3p	**10.1p**
Earnings per share - adjusted (note 1)	8.9p	10.3p	11.4p	9.8p	**10.2p**
Net assets per share (note 2)	90.4p	66.1p	66.3p	77.1p	**84.5p**
Return on shareholders' funds (note 3)					
- profit from operations basis	18.5%	23.0%	31.2%	29.6%	**26.5%**
- profit from the year basis	10.4%	13.1%	15.0%	9.1%	**12.8%**

NOTES

1. Earnings per share (basic) have been calculated throughout on the profit for the year and on the weighted average number of shares in issue during the year. For earnings per share (adjusted) the profit for the year has been adjusted for the restructuring costs and fixed assets disposals with tax thereon at the appropriate rate, and any prior year current tax adjustment.
2. Net assets per share have been calculated throughout on the net assets each year and the weighted average number of shares in issue during the year.
3. Return on shareholders' funds has been calculated on the average net assets each year.
4. The amounts disclosed for 2004 are stated on the basis of UK GAAP because it is not practicable to restate amounts for years prior to the date of transition to IFRS.
5. The amounts disclosed for 2006 and for prior years have not been restated with respect to the prior year adjustments because it is not deemed practicable.

Directors and Advisers

Christopher A Marsh

Non-Executive Chairman

Christopher, aged 64, was appointed as a Non-Executive Director on 25 March 2003 and became Chairman on 31 January 2004. He is currently a Non-Executive Chairman of Framlington AIM VCT 2 Plc and a Non-Executive Director of Framlington AIM VCT plc, Hilton Food Group plc, Gaming Ventures plc, Structured Investment Products plc and CVS Group plc. Previously he was a director of UBS in London.

Julian R Budd BSc (ECON) FCA

Chief Executive

Julian, aged 57, is a fellow of the Institute of Chartered Accountants in England and Wales. He joined Alexandra as Group Financial Director Designate in 1988 and was appointed to the Board in 1989. He became Managing Director in 1997 and Chief Executive in 1998.

Kenneth P Gibbs ACA

Finance Director

Ken, aged 47, joined Alexandra on 29 March 2004 as Corporate Planning Director Designate. He was appointed Finance Director on 8 July 2004. Ken was formerly a Finance Director at Hewlett Packard.

Elaine New MA (Cantab) ACA

Non-Executive Director

Elaine, aged 48, was appointed as a Non-Executive Director on 19 April 2006. She is a Director of Seven Arts Picture plc and a member of the Quoted Companies Alliance. She has previously worked for Sears Plc, Metrodome Group plc and Harrods Ltd and is a Non-Executive director of a number of private companies.

Secretary

Paul M Rosser BA ACIS

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BS1 6NA

Bankers

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Bristol
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Registrars

Computershare Investor Services Plc
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Stock Brokers

Arden Partners plc
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3 Laurence Poutney Hill
London
EC4R 0EU

The Directors of Alexandra plc have pleasure in submitting their Annual Report together with the audited financial statements for the year ended 31 January 2008.

Activities and business review

The principal activity of the Group continued to be the specialist supply of workplace clothing direct to customers in the United Kingdom, the wider European market and overseas.

A review of the business, including future prospects for the year and information which fulfils the requirements of the Business Review (as required by the Companies Act 1985 - Operating and Financial Review and Directors' Report Regulations 2005), is contained within the Chairman's Statement, Chief Executive's Review, the Financial Review and Corporate Social Responsibility Statement set out in pages 2 to 15, which are incorporated in this Report by reference.

The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in note 14.

Results and dividend

The Group's consolidated income statement is set out on page 24.

The profit for the financial year amounted to £3.4 million (2007:£2.1 million).

The Directors recommend that a final dividend of 4.3p (2007: 4.2p) per share be paid in addition to the interim dividend of 2.2p (2007: 2.1p), which was paid on 7 December 2007. Subject to the agreement of the shareholders at the Annual General Meeting, the dividend warrants in respect of the proposed final dividend will be posted on 11 July 2008 to shareholders on the register on 13 June 2008. For further details of the dividend see note 9 to the financial statements.

Fixed Assets

During the year the freehold factory in Scotland was revalued as it was considered that this more accurately reflects its fair value which has moved significantly from its historic valuation. The new valuation of £4.0 million exceeds the book value by £2.7 million.

Directors

The details of the current Directors together with brief biographical details are shown on page 17. Particulars of Directors' remuneration, their service agreements and their interests in the share capital are given in the Report on the Directors' Remuneration on pages 59 to 62.

Mr J A Tucker resigned from the Board as Director with effect from 8 August 2007.

In accordance with the Articles of Association, Mr C A Marsh and Mr K Gibbs retire by rotation and, being eligible, offer themselves for re-election.

In accordance with paragraph A.7.2 of the Combined Code, the Board has reviewed Mr Marsh's performance and concluded that he continues to carry out an effective performance and demonstrates sufficient commitment to the Board and committee meetings in addition to any other requirements of his role.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 25. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

Capital

An ordinary resolution will be proposed at the Annual General Meeting to provide the Directors with a general authority to allot securities in the Company up to an aggregate nominal amount of £1,059,035. If passed, the resolution will enable the Directors to allot a maximum of 10,590,346 ordinary shares, which represents approximately 31.7% of the issued share capital of the Company as at 9 May 2008. The Directors have no present intention to exercise this authority. The authority will expire on the day preceding the fifth anniversary of the Annual General Meeting.

A special resolution will be proposed at the Annual General Meeting which seeks your approval for renewal of the authority given at last year's Annual General Meeting to enable your Directors, to a limited extent, to issue equity securities for cash without first offering such securities to existing shareholders in proportion to their holdings. The authority being sought is for a maximum nominal amount of £167,048, being 5% of the issued share capital of the Company, as at 9 May 2008. The authority will expire at the conclusion of the Company's next Annual General Meeting.

Acquisition of the Company's own shares

The Directors wish to renew the authority given at last year's Annual General Meeting to permit the Company to purchase its own shares. Purchases of shares will only be made if the Board is satisfied that such purchases would result in an increase in future earnings per share, after taking account of other investment opportunities, the level of borrowing and the Company's overall financial position.

A special resolution will therefore be proposed at the Annual General Meeting to give the Directors authority to purchase up to 3,307,556 ordinary shares, representing 9.9% of the Company's issued ordinary share capital as at 9 May 2008, through market purchases on the London Stock Exchange. The maximum price to be paid on any exercise of the authority would not exceed 105% of the average of the middle market quotations for the Company's shares for the five business days immediately preceding the date of purchase. The minimum price would be 10p per ordinary share.

The authority sought at the Annual General Meeting will expire 15 months after the passing of this resolution or, if earlier, at the Annual General Meeting in 2009.

Following the introduction of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, which came into force on 1 December 2003, companies are now permitted to retain any of their own shares which they have purchased as treasury stock with a view to possible re-issue at a future date, rather than cancelling them as had previously been required by legislation. Accordingly, if the Company were to purchase any of its own shares, it would consider holding them as treasury stock, pursuant to the authorisation conferred by the special resolution to be proposed at the forthcoming Annual General Meeting. This would give the Company the ability to re-issue treasury shares quickly and cost effectively, and would provide the Company with additional flexibility in the management of its capital base. The Company does not currently hold any treasury shares.

The Directors have no present intention to use this authority. However, the Directors consider it desirable for the general authority proposed to be available to provide maximum flexibility in the active management of the Company's capital resources. The Directors would use such authority only if satisfied at the time that to do so would be in the interests of shareholders.

As at 9 May 2008, 58,027 options exist in respect of 0.17% of the Company's equity share capital, which would represent 0.19% of the issued share capital if the maximum amount of this authority was utilised.

Special business at the Annual General Meeting

A separate document accompanying the Annual Report and Accounts 2008 contains the notice convening the Annual General Meeting and an explanation of the special business to be conducted at that meeting.

Notifiable shareholdings

In addition to certain of the Directors, as at 9 May 2008 the Company had been notified of the following interests in excess of 3% of its issued share capital:-

		Shares	Holding %
AXA Investment Managers		5,740,007	17.2%
F&C Asset Management		3,696,010	11.1%
Aberdeen Asset Managers		1,676,000	5.0%
Cavendish Asset Managers			
	- held on behalf of discretionary client	1,099,250	3.3%
Cavendish Opportunities Fund		400,000	1.2%
CFE Davis	- beneficially held	330,372	1.0%
	- non-beneficially held	910,300	2.7%
Mr & Mrs J M Prior		1,068,284	3.2%
Prudential plc		1,035,000	3.1%

EMPLOYEES

Employee relationships have continued to be good throughout the year. The Group places considerable importance upon consultation and good communication with all its employees. This is accomplished through the operation of staff committees, management meetings and an employee newsletter. A policy of promotion from within is applied wherever possible.

The Group remains committed to treating people with disabilities fairly in relation to job applications, training, promotion and career development. In the event of employees becoming disabled every effort is made, through training if necessary, to ensure continuity of employment.

CREDITOR PAYMENT POLICY

The nature of the Group's business means that there is no single Group standard in respect of payment to its suppliers, and the Group agrees terms and conditions for each business transaction with suppliers on an individual basis. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

Trade creditors of the Group at 31 January 2008 was equivalent to 47 working days (2007: 39 working days), based on average daily amounts invoiced by suppliers during the year.

OTHER MATTERS

During the year charitable contributions amounted to £2,470 (2007: £3,890). There were no political contributions.

CORPORATE GOVERNANCE

The Company's compliance with the Combined Code on Corporate Governance is shown on pages 56 to 58.

IMPORTANT EVENTS SINCE THE YEAR END

Except for any matters referred to elsewhere in this Report and financial statements, there have been no other important events affecting the Company or its subsidiaries since the end of the financial year.

AUDITORS

On 18 February 2008, Smith & Williamson Solomon Hare Audit LLP changed its name to Nexia Smith & Williamson (Audit) Bristol LLP, which is trading as Nexia Smith & Williamson LLP.

Nexia Smith & Williamson LLP have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

As at the date of approving this Report, so far as each Director is aware there is no relevant audit information, being information needed by the auditors in connection with the preparation of their report, of which the auditors are unaware. All the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are also aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On behalf of the Board
PM Rosser
Secretary
29 May 2008

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 1985 and, where applicable, the Companies Act 2006. The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and have also elected to prepare financial statements for the Company in accordance with IFRSs.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This required the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to :-

(a) select suitable accounting policies and then apply them consistently, with the exception of the changes arising on the adoption of new accounting standards;

(b) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

(c) make judgements and estimates that are reasonable and prudent;

(d) provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

(e) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions and third parties in such jurisdictions should take their own legal or professional advice as appropriate.

Directors' responsibility statement

We confirm to the best of our knowledge:

1. The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and income statement of the Company and the undertakings included in the consolidation taken as a whole; and

2. The Management Report, which is incorporated into the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

On behalf of the Board
PM Rosser
Secretary
29 May 2008

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALEXANDRA PLC

We have audited the Group and Parent Company financial statements (the 'financial statements') of Alexandra plc for the year ended 31 January 2008 which comprise of the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Recognised Income and Expense and the related notes 1 to 33. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Report on the Directors' Remuneration that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report, the Report on the Directors' Remuneration and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Report on the Directors' Remuneration to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Report on the Directors' Remuneration to be audited have been properly prepared in accordance with the Companies Act 1985 and as regards the Group financial statements, Article 4 of the IAS Regulation. We report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's statement, Business Review and the Financial Review that is cross referred from the activities and business review section of the Directors' Report.

In addition we report to you, if, in our opinion the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding Directors' remuneration and transactions with the Company and other members of the Group, is not disclosed.

We review whether the Corporate Governance Statement reflects the Group's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the unaudited part of the Report on the Directors' Remuneration, the Chairman's Statement, the Business Review, the Financial Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Report on the Directors' Remuneration to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Report on the Directors' Remuneration to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Report on the Directors' Remuneration to be audited.

Opinion

In our opinion:-

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 January 2008 and of its profit for the year then ended:
- the Parent Company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 January 2008,
- the financial statements and the part of the Report on the Directors' Remuneration to be audited have been properly prepared in accordance with the Companies Act 1985 and as regards the Group financial statements, Article 4 of the IAS Regulation, and
- the information given in the Directors' Report is consistent with the financial statements.

Nexia Smith & Williamson LLP

Registered Auditors
Chartered Accountants
Portwall Place
Portwall Lane
Bristol
BS1 6NA

29 May 2008

Consolidated Income Statement

For the year ended 31 January 2008

	Note	2008 £000	2007 (restated) £000
Revenue	2	**78,025**	81,478
Cost of sales		**(48,673)**	(49,851)
Gross profit		**29,352**	31,627
Distribution costs		**(3,684)**	(3,371)
Administration expenses		**(18,684)**	(21,362)
Profit from operations	5	**6,984**	6,894
Restructuring costs	4	**-**	(2,480)
(Loss) / profit on disposal of fixed assets		**(38)**	357
Operating profit		**6,946**	4,771
Finance costs (net)	6	**(2,191)**	(1,930)
Movement on financial derivatives		**-**	(10)
Profit before taxation		**4,755**	2,831
Taxation	8	**(1,385)**	(713)
Profit for the year		**3,370**	2,118
Earnings per share			
Earnings per share (basic and diluted)	10	**10.1p**	6.3p
Ordinary dividends paid and proposed	9		
Dividends proposed		**4.3p**	4.2p
Dividends paid		**6.4p**	6.0p

The accompanying notes on pages 28 to 55 form an integral part of these financial statements.

Statements of Recognised Income & Expense

For the year ended 31 January 2008

	Group	
	2008	2007 (restated)
	£000	£000
Exchange difference on translation of foreign operations	**14**	(25)
Cash flow hedge (fair value gain / (loss) in year)	**284**	(71)
Gains on revaluations of properties	**2,671**	-
Actuarial gain on defined benefit pension scheme	**62**	4,469
Deferred tax on items recognised directly in equity	**(486)**	(1,341)
Net income recognised directly in reserves	**2,545**	3,032
Profit for the year	**3,370**	2,118
Total recognised income for the year	**5,915**	5,150
Prior year adjustments	**-**	(795)
	5,915	4,355

	Company	
	2008	2007 (restated)
	£000	£000
Cash flow hedge (fair value gain / (loss) in the year)	**284**	(71)
Gains on revaluations of properties	**2,671**	-
Actuarial gain on defined benefit pension scheme	**62**	4,469
Deferred tax on items recognised directly in equity	**(486)**	(1,341)
Net income recognised directly in reserves	**2,531**	3,057
(Loss) / profit for the year	**(474)**	1,697
Total recognised income for the year	**2,057**	4,754
Prior year adjustments	**-**	(739)
	2,057	4,015

Profit for the year ending 31 January 2007 has been restated as explained in note 33.

The accompanying notes on pages 28 to 55 form an integral part of these financial statements.

Balance Sheets

As at 31 January 2008

		Group		Company	
		2008	2007	**2008**	2007
			(restated)		(restated)
	Note	**£000**	£000	**£000**	£000
Assets					
Non-current assets					
Goodwill	**11**	**7,215**	6,893	**3,070**	2,825
Other intangible assets	**12**	**2,401**	1,928	**2,401**	1,928
Property, plant and equipment	**13**	**11,992**	9,799	**11,610**	9,426
Deferred tax assets	**24**	**2,516**	2,838	**2,447**	2,754
Investments	**14**	**10**	10	**17,243**	20,705
		24,134	21,468	**36,771**	37,638
Current assets					
Inventories	**16**	**36,837**	36,896	**34,456**	34,195
Trade and other receivables	**17**	**27,309**	24,995	**28,401**	24,503
Derivative financial instruments	**30**	**89**	148	**89**	148
Cash and cash equivalents	**19**	**6,043**	1,856	**3,535**	213
Current Tax		**-**	522	**1,021**	1,560
		70,278	64,417	**67,502**	60,619
Total assets		**94,412**	85,885	**104,273**	98,257
Liabilities					
Current liabilities					
Trade and other payables	**18**	**24,857**	24,203	**27,330**	25,092
Current tax liabilities		**167**	-	**-**	-
Derivative financial instruments	**30**	**-**	343	**-**	343
Obligations under finance leases	**21**	**800**	538	**800**	538
Borrowings and overdrafts	**20**	**1,561**	9,161	**1,305**	9,000
		27,385	34,245	**29,435**	34,973
Non - current liabilities					
Long term borrowings	**20**	**27,852**	16,214	**27,852**	16,214
Obligations under finance leases	**21**	**1,265**	1,091	**1,265**	1,091
Retirement benefit obligations	**26**	**8,741**	9,182	**8,741**	9,182
Deferred tax liabilities	**24**	**764**	509	**765**	500
Other provisions for liabilities	**23**	**165**	181	**151**	152
		38,787	27,177	**38,774**	27,139
Total liabilities		**66,172**	61,422	**68,209**	62,112
Net assets		**28,240**	24,463	**36,064**	36,145
Equity					
Called up share capital	**25**	**3,341**	3,341	**3,341**	3,341
Share premium account	**27**	**1,848**	1,848	**1,848**	1,848
Revaluation reserve	**27**	**4,694**	2,308	**4,694**	2,308
Other reserves	**27**	**1,116**	818	**1,124**	840
Retained earnings	**27**	**17,241**	16,148	**25,057**	27,808
Total shareholders' equity		**28,240**	24,463	**36,064**	36,145

Approved by the Board
29 May 2008
J R Budd and K P Gibbs
Directors
The accompanying notes on pages 28 to 55 form an integral part of these financial statements.

Cash Flow Statements

For the year ended 31 January 2008

	Group		Company	
	2008	2007 (restated)	**2008**	2007 (restated)
	£000	£000	**£000**	£000
Cash flows from operating activities				
Profit from operating activities before restructuring costs	**6,946**	7,251	**6,470**	6,652
Restructuring costs	**-**	(2,480)	**-**	(1,968)
Profit from operating activities	**6,946**	4,771	**6,470**	4,684
Depreciation and amortisation	**1,487**	1,553	**1,368**	1,382
Foreign exchange differences	**(190)**	16	**-**	-
Loss / (profit) on sale of fixed assets	**38**	(358)	**31**	5
Defined benefit pension costs less contributions paid	**(660)**	(764)	**(660)**	(764)
Decrease / (increase) in inventories	**162**	(2,231)	**(261)**	(1,246)
Increase in receivables	**(1,867)**	(1,326)	**(3,000)**	(603)
Increase in amounts due from Group undertakings	**-**	-	**(638)**	(1,176)
Increase in payables	**310**	1,060	**2,042**	649
(Decrease) / increase in other provisions	**(18)**	100	**(1)**	71
Cash generated by operations	**6,208**	2,821	**5,351**	3,002
Taxes paid	**(602)**	(1,530)	**(602)**	(1,151)
Net cash from operating activities	**5,606**	1,291	**4,749**	1,851
Investing activities				
Acquisition of subsidiaries (net of cash acquired)	**(77)**	-	**(77)**	-
Purchase of property, plant and equipment	**(394)**	(1,248)	**(276)**	(1,127)
Net proceeds from sale of plant and equipment	**-**	553	**-**	179
Purchase of goodwill (net of cash acquired)	**(245)**	(2)	**(245)**	(2)
Purchase of other intangible assets	**(1,101)**	(959)	**(1,101)**	(959)
Net cash used in investing activities	**(1,817)**	(1,656)	**(1,699)**	(1,909)
Financing activities				
Interest paid	**(1,971)**	(1,546)	**(1,960)**	(1,542)
Dividends paid to Company shareholders	**(2,138)**	(2,005)	**(2,138)**	(2,005)
Increase in borrowings	**3,846**	1,774	**3,846**	1,774
Increase in obligations under finance leases	**428**	1,298	**428**	1,301
Net cash flow used in financing activities	**165**	(479)	**176**	(472)
Net increase/(decrease) in cash and cash equivalents	**3,954**	(844)	**3,226**	(530)
Cash and cash equivalents at start of year	**1,695**	2,555	**213**	743
Effect of foreign exchange rate changes	**42**	(16)	**-**	-
Cash and cash equivalents at end of year	**5,691**	1,695	**3,439**	213

The accompanying notes on pages 28 to 55 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

Alexandra plc is a Company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Alexandra House, Midland Way, Thornbury, Bristol BS35 2NT. The nature of the Group's operations and its principal activities are noted in the Directors' Report, Business Review and Financial Review on pages 4 to 13 and 18 to 20.

(A) BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Reporting Interpretation Committee (IFRIC) endorsed by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain properties and financial instruments, pension assets and liabilities which are measured at fair value.

The Group and Company financial statements are presented in Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the Balance Sheet date and the reported amount of revenue and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or action, actual results ultimately may differ from those estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant in relation to the consolidated financial statements, relate primarily to the actuarial assumptions applied in calculating the net retirement benefit obligation, the valuation of financial instruments, the assumptions used in the calculation of provisions, the depreciation of property, plant and equipment, the amortisation of intangible assets, the assumptions used in the calculation of impairment of goodwill and investments and the calculation of taxation.

The principle accounting policies are set out below.

(B) ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group has adopted IFRS 7 "Financial Instruments: Disclosures", which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendments to IAS 1 "Presentation of Financial Statements". The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

IFRIC 10 "Interim Financial Reporting and Impairment", an interpretation issued by the International Financial Reporting Interpretations Committee, is effective for the current period. This does not have any impact on the Group's financial statements.

(C) ACCOUNTING POLICIES

In preparing these financial statements the comparative figures previously reported have been restated for :-

(i) Internally generated costs associated with the set up of new contracts have, in previous years, been consistently treated as prepayments and written off over the period of the contract. Advice received in connection with finalisation of this year's financial statements indicates that under IAS 2 "Inventories", these costs should have been written off in the period in which they were incurred.

(ii) In line with best practice following further clarification in February 2008 by the International Accounting Standards Board regarding the treatment of advertising material under IAS 38 "Intangible Assets" catalogue costs have been expensed at the point at which the goods and services were received from the suppliers. In prior years these costs were expensed at the time of despatch of the catalogues to the customers.

The disclosures regarding the impact of these changes are given in note 33.

In addition, the Group changed its accounting policy in respect of revaluations of a class of property. In line with the transitional arrangements in IFRS 1, the freehold factory was held at its historical valuation. This property has been revalued as it was considered that this more accurately reflects its fair value, which has moved significantly from its historic valuation.

Except as referred to above, the accounting policies followed in the preparation of this annual report have been applied consistently to all years presented.

(D) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries made up to 31 January 2008 and exclude all intragroup transactions. Where subsidiary undertakings are acquired or disposed of during the year, the financial statements include their results from the effective date of acquisition or up to the effective date of disposal as appropriate. The Company has taken advantage of the exemption conferred by the Companies Act 1985 from presenting its own income statement. The loss after taxation dealt with in the accounts of the parent Company was £474,000 (2007: profit £1,697,000).

(E) BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the purchase method. At the date of acquisition the assets, liabilities and contingent liabilities of a business or subsidiary are measured at their fair value. Any excess of the costs of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency in the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the income statement in the period of acquisition.

(F) GOODWILL

Goodwill represents the difference between the fair value of the net assets of subsidiary undertakings or acquisition of business assets at the date of acquisition and their purchase price.

Goodwill is initially recognised as an asset at cost with impairment reviews carried out at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal or closure of the business, any remaining goodwill will be included in the determination of the profit or loss on disposal.

Under the transitional arrangements of IFRS, goodwill arising on acquisitions before 1 February 2004 has been retained at previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves prior to 31 January 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

(G) FOREIGN CURRENCIES

In preparing the financial statements of the individual companies, transactions denominated in foreign currencies are translated at the rate ruling at the settlement date or at the contract rate if the transaction is covered by a forward exchange contract.

Assets and liabilities denominated in foreign currency are translated at the exchange rate ruling at the balance sheet date. Exchange differences arising in the financial statements of the individual undertakings are included in their income statements.

Overseas subsidiaries' assets and liabilities are translated into Sterling at the exchange rate ruling at the balance sheet date. Their income statements are translated at the average rate of exchange for the year. Differences on exchange arising from the translation of the overseas subsidiaries' financial statements are classified as equity and transferred to the Group's translation reserve.

Under the transitional rules, the Group and Company has deemed the cumulative translation difference for foreign operations to be zero at 1 February 2004.

The gain or loss on any subsequent disposal of a foreign subsidiary will be adjusted only by those accumulated translation adjustments arising after 1 February 2004.

(H) REVENUE

Revenue, which excludes value added tax and sales between Group companies, represents the fair value of goods and services and income receivable under garment rental agreements. Rental income is recognised over the period of the contract. Revenue from goods is recognised on despatch of the goods or acceptance of ownership by the customer.

(I) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost consists of material and direct labour together with an appropriate share of overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(J) PROPERTY PLANT AND EQUIPMENT

Tangible fixed assets are stated at cost or valuation which include any attributable costs of acquisition less accumulated depreciation.

Depreciation is charged on a straight line basis so as to write off the cost or valuation of the asset less estimated residual value of tangible fixed assets over their estimated useful lives. For this purpose, useful lives are as follows:-

- Freehold buildings: not more than 50 years
- Leasehold land and buildings: the lesser of the unexpired period of the lease or 50 years
- Plant and equipment: principally between 4 and 15 years
- Garments on hire: period of the rental agreement which is normally 2 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

(K) LAND AND BUILDINGS

Certain of the Group's land and buildings were valued on the basis of open market value in 1999/2000. In line with the transitional arrangements in IFRS 1 the Group followed the transitional rules to retain the book values of revalued property with the exception of one class: freehold offices. During the year the Group changed its accounting policy in respect of the revaluations of the class of property of freehold factories. The property within this classification has been revalued. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

(L) INTANGIBLE ASSETS

Acquired computer software licenses and internally developed software products that will generate economic benefit beyond one year are capitalised as an intangible asset and amortised over their estimated useful lives on a straight line basis. Useful life is between 2 and 5 years.

(m) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that that would have been determined had no impairment loss been recognised for the asset in prior years.

(n) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on taxable profits for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheets date.

Deferred tax is recognised on a full provision basis in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences represent the accumulated differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, Group taxable profits and its financial profit. Deferred tax is calculated at the tax rates that are expected to apply when the related deferred tax balance is settled. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(o) Retirement benefit costs

The Group operates two pension schemes. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. For defined benefit schemes the cost of providing benefits is determined using the Projecting Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur and are charged or credited to the Statement of Recognised Income and Expense. The liability in the balance sheet represents the present value of the defined benefit obligations at that date less the fair value of plan assets.

(p) Leasing and hire purchase contracts

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on leased assets is charged to the income statement on the same basis as shown above. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the income statement.

All other leases are 'operating leases' and the relevant annual rentals are charged wholly to the income statement.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Benefits receivable or payable as an incentive to enter into or create an operating lease are spread on a straight line basis over the term of the relevant lease.

(q) Vacant leasehold properties

A provision is maintained in respect of vacant leasehold properties for the net present value of the future lease costs over the period until the Board expect the properties to be sublet or brought back into use.

(R) INVESTMENTS

Investments held as fixed assets are stated at cost less any provision required following an impairment review.

(S) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flow from the financial asset expire. Financial liabilities (or part of a financial liability) are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

TRADE RECEIVABLES

Trade receivables are stated at their fair value which equates to their nominal value as reduced by appropriate allowances for irrecoverable amounts. They do not carry any interest.

TRADE PAYABLES

Trade payables are not interest bearing and are stated at their fair value which equates to their nominal value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held on call with banks.

BORROWINGS

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs and subsequently measured at their amortised costs. Finance charges including direct issue costs are accounted for on an accruals basis in the income statement using the effective interest rate and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses various financial instruments. These are forward exchange contracts which manage the currency risk associated with its financing of its underlying business activities and interest rate swaps which are used to hedge the Group's exposure to interest rate fluctuations. The Group does not use derivative instruments for speculative purposes.

Financial instruments, which are not classified as a hedge per IAS 39, are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. Any changes in their fair value is recognised immediately in the income statement.

Changes in the fair value of financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. Such instruments are assessed on an on going basis to ensure their continued effectiveness. Any ineffective portion of fair value gains or losses identified is recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time any cumulative gain or loss on the hedging instrument previously recognised in equity is retained in equity until the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative fair gain or loss recognised in equity is then transferred to the income statement.

Derivatives embedded in other financial instruments or other host contacts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contracts are not carried at fair value with changes in fair value recognised in the income statement.

(t) New accounting standards

A number of new standards, amendments to standards and interpretations are not effective for this financial year and therefore have not been adopted in preparing these financial statements.

IFRS 8 "Operating Segments" requires an entity to disclose information on its reportable segments. This will become mandatory for annual periods beginning on or after 1 January 2009 and thus will be adopted in the Group's financial statements for the year ending January 2010.

IAS 23 (Revised) "Borrowing Costs" requires the capitalisation of borrowing costs directly attributable to an acquisition, construction or production of a qualifying asset as part of the cost of that asset. This will become mandatory for annual periods beginning on or after 1 January 2009 and thus will be adopted in the Group's financial statements for the year ending January 2010. This is not expected to have any impact on the Group's financial statements.

IFRS 3 (Revised) "Business Combinations" continues to apply the acquisition method to business combinations with certain changes to cost recognition. This will become mandatory for annual periods beginning on or after 1 July 2009 and thus will be adopted in the Group's financial statements for the year ending January 2011.

IFRIC 11 "Group and Treasury Share Transactions" providing guidance on applying IFRS for three types of share based payment arrangements will be become effective for the financial statements ending January 2009. It is not expected to have any significant impact on the consolidated financial statements.

IFRIC 12 "Service Concession Arrangements" that applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. This is to be effective from 1 January 2009, but it is not expected to be relevant to the Group.

IFRIC 13 "Customer Loyalty Programs" clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. This will be effective for the financial statements ending January 2010. It is not expected to have any significant impact on the consolidated financial statements.

IFRIC 14, IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This will be effective for the financial statements ending January 2009. It is not expected to have any significant impact on the consolidated financial statements.

2. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2008 £000	2007 £000
Sales of goods and related services	**77,890**	81,283
Garment rental income	**135**	195
	78,025	81,478

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

As per IAS 14, based on the entity's risks and returns which are reflected within the internal financial reporting structures of the Group, the Board considers that the primary reporting format is business segment. There is only one business segment being the sourcing and sale of workplace clothing. Therefore the disclosures for the primary segment have already been given in these financial statements.

(b) Geographical segments

The Group's operations are located in the United Kingdom, Ireland, France, Holland and Northern Africa.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services:

	2008 £000	2007 £000
United Kingdom and Ireland	**71,638**	74,824
France and Holland	**2,888**	3,159
Other European	**3,205**	3,249
Other Worldwide	**294**	246
	78,025	81,478

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets / (liabilities)		Additions to property plant and equipment and intangible asset		Depreciation and amortisation	
	2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000
United Kingdom and Ireland	**28,222**	23,521	**1,434**	2,149	**685**	729
Europe	**(156)**	(136)	**32**	23	**8**	12
Other Worldwide	**1,105**	1,065	**29**	33	**48**	84
	29,171	24,450	**1,495**	2,205	**741**	825
Unallocated (liabilities) / assets	**(931)**	13				
	28,240	24,463				

4. Restructuring costs

The restructuring costs mainly relate to the costs incurred in 2007 for the integration of the de Baer and Prima acquisitions into the Alexandra Group.

5. Profit from operations

Profit from operations has been arrived at after charging:-

	2008 £000	2007 £000
Staff Costs	**14,195**	15,765
Depreciation of property, plant and equipment:		
- On owned assets	**719**	948
- On assets held under finance leases	**140**	49
Amortisation of intangible assets (included in administrative expenses):-		
- On owned assets	**488**	556
- On assets held under finance leases	**140**	-
Operating lease rentals - plant & machinery	**697**	749
Operating lease rentals - property	**2,812**	3,048
Cost of inventories recognised as expense	**47,470**	47,814
Auditors' remuneration:-		
- Audit services	**108**	100
- Tax compliance & other services	**17**	11
and after crediting:-		
Rent receivable	**601**	554
Exchange gains	**1,551**	708

In addition to the amounts noted above, the Group's Auditors acted as Auditors to the Alexandra plc pension schemes for which they received fees of £5,200 (2007:£4,960). The appointment of auditors to the pension schemes and the fees paid in respect of the audit are agreed by the Trustees of the schemes who act independently of the management of the Group.

Analysis of total fees payable to the Group auditors:-

	2008 £000	2007 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**98**	91
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	**10**	9
Total audit fees	**108**	100
Tax compliance services	**17**	11
Other services	**5**	5
	130	116

A description of the work of the audit committee is set on page 58 and includes an explanation of how audit objectivity and independence is safeguarded when non-audit services are provided by the auditors.

6. Net finance costs

	2008 £000	2007 £000
Interest payable (net) on bank loans and overdrafts	**1,795**	1,571
Interest on obligations under finance leases	**115**	17
Finance cost on retirement benefit liability	**281**	342
	2,191	1,930

7. Employees

The average number of persons (full and part-time) employed by the Group (including Directors) during the year was as follows:-

	2008	2007
Management and administration	**87**	93
Manufacturing	**413**	452
Direct and retail sales	**251**	282
Distribution and value added services	**139**	135
	890	962

The aggregate payroll costs of these persons were as follows:–

	2008 £000	2007 £000
Wages and salaries	**12,481**	13,907
Social security costs	**1,238**	1,400
Other pension costs	**476**	458
	14,195	15,765

Other pension costs relates to contributions payable under a defined contribution scheme amounting to £160,000 (2007: £124,000) plus the service cost of defined benefit schemes including settlement and curtailments amounting to £316,000 (2007: £334,000). The other costs associated with the defined benefit scheme (namely interest cost and actuarial gains and losses) have been excluded from this disclosure.

A detailed analysis of Directors' remuneration, including salaries, performance related bonuses and share options, together with information on pensions, including that of the highest paid Director, is provided in the Report on the Directors' Remuneration on pages 59 to 62.

8. Taxation

(a) Taxation on profit on ordinary activities for the year was:–

	2008 £000	2007 (restated) £000
Current tax:		
UK Corporation tax for the year at 30%	**1,290**	847
Adjustments in respect of previous years	**-**	(236)
Overseas current year tax	**4**	21
Total current tax	**1,294**	632
Deferred tax: (note 24)		
Origination and reversal of timing differences	**91**	81
Total deferred tax	**91**	81
	1,385	713

8. TAXATION - CONTINUED

(b) Reconciliation of total tax charge to the profit per the income statement is as follows:

	2008	**2008**	2007 (restated)	2007 (restated)
	£000	**%**	£000	%
Profit before taxation	**4,755**		2,831	
Tax at the domestic income tax rate of 30% (2007: 30%)	**1,427**	**30.0%**	849	30.0%
Expenses not deductible for tax purposes	**20**	**0.4%**	(100)	(3.5%)
Effect of overseas losses unrelieved	**19**	**0.4%**	185	6.5%
Adjustments to tax charge in respect of previous years	**(48)**	**(1.0%)**	(242)	(8.5%)
Deferred tax rate change	**(37)**	**(0.8%)**	-	0.0%
Foreign tax	**4**	**0.1%**	21	0.7%
Tax expense and effective tax rate for the year	**1,385**	**29.1%**	713	25.2%

In addition to the income tax charged in the income statement, a deferred tax expense relating to the revaluation of the Group's freehold properties amounting to £285,000 (2007: £nil) and to the actuarial gains on the Group's defined benefit scheme amounting to £201,000 (2007: £1,341,000) has been charged directly to reserves.

9. DIVIDENDS

	2008	2007
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the prior year of 4.2p per share (2007: 3.9p)	**1,403**	1,303
Interim dividend paid for the current year of 2.2p per share (2007: 2.1p)	**735**	702
Total dividends paid of 6.4p per share (2007: 6.0p)	**2,138**	2,005

In addition, the Directors are proposing a final dividend in respect of the current year of 4.3p per share which will absorb an estimated £1,437,000 of shareholders' funds. The proposed dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

10. EARNINGS PER SHARE

Basic earnings per share is calculated on the profit attributable to ordinary shareholders and the weighted average number of shares in issue during the year. Diluted earnings per share is calculated on basic earnings per share adjusted to include an additional number of shares which represents the fair value of the weighted average number of shares under option during the year. Adjusted earnings per share has been calculated on basic earnings adjusted for fixed asset disposals, one off restructuring costs with tax at the appropriate rate and adjustment in respect of current tax for prior years.

The calculation of the basic, diluted and adjusted earnings per share is as follows:

		2008 Earnings per Share	
	£000	**Basic (p)**	**Diluted (p)**
Earnings attributable to ordinary shareholders	**3,370**	**10.1**	**10.1**
Disposal of fixed assets (net of tax)	**27**	**0.1**	**0.1**
Profit for adjusted earnings per share	**3,397**	**10.2**	**10.2**

10. EARNINGS PER SHARE - CONTINUED

		2007	
		Earnings per Share	
	£000	Basic (p)	Diluted (p)
Earnings attributable to ordinary shareholders	2,118	6.3	6.3
Prior year tax adjustment	(236)	(0.7)	(0.7)
Restructuring costs (net of tax)	1,736	5.2	5.2
Disposal of fixed assets	(356)	(1.0)	(1.0)
Profit for adjusted earnings per share	3,262	9.8	9.8

The weighted average number of shares used in the basic earnings per share calculation amounted to 33,409,654 (2007: 33,409,654). For the diluted earnings per share calculation the number of shares equalled the weighted average number of shares used in the basic earnings per share calculation plus an additional amount of 22,524 (2007: 37,735) representing the fair value of the weighted average number of shares under option during the year.

The methodology for calculating adjusted earnings per share has been amended to take account of the disposal of fixed assets.

11. GOODWILL

	Group £000	Company £000
Cost		
At 1 February 2007	**6,893**	**2,825**
Additions	**322**	**245**
At 31 January 2008	**7,215**	**3,070**
Carrying amount at 31 January 2008	**7,215**	**3,070**
Cost		
At 1 February 2006	6,891	2,823
Additions	2	2
At 31 January 2007	6,893	2,825
Carrying amount at 31 January 2007	6,893	2,825

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination and is subject to impairment review under IAS36. The carrying amount of goodwill has been allocated to Prima Corporate Wear Limited £3,244,000, de Baer £3,488,000 and others £483,000. Valuation of the recoverable amounts used for the purposes of impairment testing is based on a value in use calculation using forecasts of future cash flows. These forecasts are based on the best estimates of future revenues and operating profit for 20 years from the date of acquisition using historical trends, general market conditions, current forecasts and any other relevant information available. Given the good nature of the business the Directors consider this is an appropriate period to consider the cash flows. The assumptions used are subject to review by management and the Directors.

The cash flow forecasts are adjusted by an appropriate discount rate of 9.1% derived from the Company's cost of capital at the date of evaluation and assumes 2% per annum growth in contribution at the CGU level.

Using assumptions that management and Directors believe are reasonable based on the best information available as of the date of the financial statements, the recoverable amounts were found to be in excess of asset carrying values such that no impairment has been recognised (2007: £nil).

12. Other intangible assets

	Computer Software £000
Group and Company	
Cost	
At 1 February 2006	7,052
Additions - purchased externally	84
Additions - internally generated	875
Disposals	(317)
At 31 January 2007	**7,694**
Additions - purchased externally	**234**
Additions - internally generated	**867**
At 31 January 2008	**8,795**
Amortisation	
At 1 February 2006	5,350
Charge for the year	556
Disposals	(140)
At 31 January 2007	**5,766**
Charge for the year	**628**
At 31 January 2008	**6,394**
Carrying amount at 31 January 2008	**2,401**
Carrying amount at 31 January 2007	1,928

The carrying amount of the Group's computer software includes an amount of £1,551,511 (2007: £704,525) in respect of assets held under finance leases and hire purchase contracts.

13. Property, plant and equipment

	Land & buildings £000	Plant and equipment £000	Garments on hire £000	Total £000
Group				
Cost or valuation				
At 1 February 2006	7,569	18,753	278	26,600
Exchange adjustments	(19)	(47)	-	(66)
Additions	25	1,199	22	1,246
Disposals	(692)	(904)	(52)	(1,648)
At 31 January 2007	**6,883**	**19,001**	**248**	**26,132**
Exchange adjustments	**5**	**112**	**-**	**117**
Additions	**36**	**350**	**8**	**394**
Disposals	**(232)**	**(1,486)**	**(74)**	**(1,792)**
Revaluation	**2,450**	**-**	**-**	**2,450**
At 31 January 2008	**9,142**	**17,977**	**182**	**27,301**
Depreciation				
At 1 February 2006	1,558	15,270	193	17,021
Exchange adjustments	(19)	(37)	-	(56)
Charge for the year	106	810	81	997
Disposals	(692)	(885)	(52)	(1,629)
At 31 January 2007	**953**	**15,158**	**222**	**16,333**
Exchange adjustments	**3**	**86**	**-**	**89**
Charge for the year	**91**	**760**	**8**	**859**
Disposals	**(232)**	**(1,445)**	**(74)**	**(1,751)**
Revaluation	**(221)**	**-**	**-**	**(221)**
At 31 January 2008	**594**	**14,559**	**156**	**15,309**
Carrying amount at 31 January 2008	**8,548**	**3,418**	**26**	**11,992**
Carrying amount at 31 January 2007	5,930	3,843	26	9,799

The carrying amount of the Group's plant and equipment includes an amount of £971,083 (2007: £1,030,925) in respect of assets held under finance leases and hire purchase contracts.

13. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

	Land & buildings £000	Plant and equipment £000	Garments on hire £000	Total £000
Company				
Cost or valuation				
At 1 February 2006	6,838	17,334	278	24,450
Additions	14	1,091	22	1,127
Disposals	(15)	(670)	(52)	(737)
At 31 January 2007	**6,837**	**17,755**	**248**	**24,840**
Additions	**-**	**265**	**8**	**273**
Disposals	**(232)**	**(1,211)**	**(74)**	**(1,517)**
Revaluation	**2,450**	**-**	**-**	**2,450**
At 31 January 2008	**9,055**	**16,809**	**182**	**26,046**
Depreciation				
At 1 February 2006	834	14,292	193	15,319
Charge for the year	101	643	81	825
Disposals	(15)	(663)	(52)	(730)
At 31 January 2007	**920**	**14,272**	**222**	**15,414**
Charge for the year	**87**	**646**	**8**	**741**
Disposals	**(231)**	**(1,193)**	**(74)**	**(1,498)**
Revaluation	**(221)**	**-**	**-**	**(221)**
At 31 January 2008	**555**	**13,725**	**156**	**14,436**
Carrying amount at 31 January 2008	**8,500**	**3,084**	**26**	**11,610**
Carrying amount at 31 January 2007	5,917	3,483	26	9,426

The carrying amount of the Company's plant and equipment includes an amount of £971,083 (2007: £1,030,925) in respect of assets held under finance leases and hire purchase contracts.

Group and Company

The carrying value of land and buildings comprises:-

	Group		Company	
	2008 £000	2007 £000	**2008 £000**	2007 £000
Freehold offices	**4,324**	4,343	**4,324**	4,343
Freehold factory	**4,000**	1,357	**4,000**	1,357
Short leasehold	**224**	230	**176**	217
	8,548	5,930	**8,500**	5,917

	Group £000	Company £000
At valuation 2008	**4,000**	**4,000**
At valuation 2004	**4,324**	**4,324**
At cost	**224**	**176**
Carrying amount at 31 January 2008	**8,548**	**8,500**

The Group's Freehold Factory was professionally revalued as at January 2008 by a member of the Royal Institute of Chartered Surveyors of RPS Planning & Development Ltd, independent valuers not connected with the Group, on the basis of market value. The valuation conforms to International Valuation standards and was based on recent market transactions on arms length terms for similar properties. The Group's Freehold Offices were professionally revalued in January 2004. In accordance with IAS 16 these are revalued on a regular basis. Short leasehold properties are valued at cost.

13. Property, plant and equipment - continued

The historical cost and related depreciation of the revalued properties is as follows:-

	Group £000	Company £000
Cost	**4,097**	**4,097**
Aggregate depreciation	**(996)**	**(996)**
Carrying amount at 31 January 2008	**3,101**	**3,101**

14. Investments

	Shares in subsidiaries £000	Loans to subsidiaries £000	Other investments £000	Total £000
Cost				
At 31 January 2007	**7,100**	**13,595**	**10**	**20,705**
Additions	**77**	**-**	**-**	**77**
At 31 January 2008	**7,177**	**13,595**	**10**	**20,782**
Provision for impairment				
At 31 January 2007	**-**	**-**	**-**	**-**
Provided for during the year	**-**	**3,539**	**-**	**3,539**
At 31 January 2008	**-**	**3,539**	**-**	**3,539**
Net book value 31 January 2008	**7,177**	**10,056**	**10**	**17,243**
Net book value 31 January 2007	7,100	13,595	10	20,705

The Company regularly tests its investments for impairment or more frequently if there are indications that the value in investments might be impaired. Valuation of the recoverable amounts used for the purposes of impairment testing is based on a value in use calculation using forecasts of future cash flows. These forecasts are based on the best estimates of future revenues and operating profit for 20 years from the current date, general market conditions, current forecasts and any other relevant information available. Given the nature of the business, the Directors consider this an appropriate period to assess the cash flows. The assumptions used are subject to review by management and Directors.

The cash flow forecasts are adjusted by an appropriate discount rate of 9.1% derived from the Company's cost of capital at the date of evaluation and assumes 2% per annum growth in contribution at the CGU level.

Using the assumptions that management and Directors believe are reasonable based on the best information available as at the date of the financial statements, the recoverable amounts were found to be in excess of asset carrying values, except for Alexandra SARL, where due to the current situation of competition in the market place, the Company has revised its cash flow forecast for this entity and reduced its value through recognition of an impairment provision of £3,539,000 (2007: £nil).

The Group's principal subsidiaries are listed overleaf. The Company holds 100% of the nominal value of the shares in these companies except for JT's Corporation Limited where the holding is 50%.

14. Investments - continued

Subsidiary undertakings	Country of incorporation	Nature of business
Alexandra BV	Holland	Sales and Marketing
Alexandra Careerwear Limited	Great Britain	Dormant
Alexandra Fabrics Limited	Great Britain	Dormant
Alexandra Overalls Limited	Great Britain	Dormant
Alexandra SARL	France	Sales and Marketing
Alexandra Rentals Limited	Great Britain	Dormant
Alexandra Workwear (Overseas Holdings) Limited	Great Britain	Holding Company
Alexandra Workwear Manufacturing Limited	Great Britain	Dormant
Alexandra Workwear SA	Morocco	Manufacturing
Alexandra Corporate Clothing Limited	Great Britain	Dormant
Alexandra (Product Sourcing) Limited	Great Britain	Dormant
Clifton Workwear Limited	Great Britain	Dormant
POP Direct Mail Limited	Great Britain	Dormant
Trimline Overalls Limited	Great Britain	Dormant
Bristol Debt Collecting Services Limited	Great Britain	Dormant
Lionheart Designs Limited	Great Britain	Dormant
Atelius Corporate Clothing Limited	Great Britain	Dormant
de Baer Limited	Great Britain	Dormant
Alexandra Workwear Limited	Great Britain	Dormant
Swiss Valley Embroidery Services Limited	Great Britain	Dormant
Corporate Apparel Limited	Irish Republic	Sales and Marketing
Alexandra Workwear (Ireland) Limited	Irish Republic	Dormant
Alexandra (North West) Limited	Great Britain	Sales and Marketing
Wearguard UK Limited	Great Britain	Dormant
JT's Corporation Limited	Great Britain	Sales and Marketing
Prima Corporate Wear Limited	Great Britain	Sales and Marketing
UUL Limited	Great Britain	Dormant
Image Development Limited	Irish Republic	Sales and Marketing

Investments in subsidiaries are held directly by Alexandra plc except Alexandra BV, Alexandra SARL, Alexandra Workwear SA and Alexandra Workwear (Ireland) Limited which are held by Alexandra Workwear (Overseas Holdings) Limited and UUL Limited which is held by Prima Corporate Wear Limited.

The Company has the power to govern the financial operating policies of JT's Corporation Limited, therefore its results are included in the consolidated accounts as a subsidiary.

The other investment relates to Roy Collins Leasing Limited (49% of share capital) which is registered in England. This is not accounted for as an associated undertaking as no significant influence is exercised over its activities which are immaterial to the Group. Therefore, any income received will be consolidated into the Group's results.

15. Capital commitments

	2008 £000	2007 £000
Contracted for	**43**	30

16. Inventories

	Group		Company	
	2008 £000	2007 £000	**2008 £000**	2007 £000
Raw materials and consumables	**7,535**	6,249	**7,345**	5,951
Work in progress	**850**	569	**810**	541
Finished goods and goods for resale	**28,452**	30,078	**26,301**	27,703
	36,837	36,896	**34,456**	34,195

During the year £nil (2007: £3,000) was recognised as an impairment expense in the income statement.

17. Trade and other receivables

	Group 2008 £000	Group 2007 (restated) £000	Company 2008 £000	Company 2007 (restated) £000
Trade receivables	**25,586**	23,121	**22,320**	19,190
Provision for doubtful debts	**(613)**	(358)	**(420)**	(232)
Net trade receivables	**24,973**	22,763	**21,900**	18,958
Amounts owed by Group undertakings	**-**	-	**4,658**	3,761
Other receivables	**498**	427	**217**	185
Prepayments and accrued income	**1,838**	1,805	**1,626**	1,599
	27,309	24,995	**28,401**	24,503

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Trade receivables are primarily denominated in the functional currency of the relevant Group reporting company.

The movement on the provision for impairment of trade receivables is as follows:

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Balance at beginning of year	**358**	505	**232**	380
Exchange adjustments	**12**	(3)	**-**	-
Charged to profit and loss account	**265**	(72)	**195**	(76)
Utilised	**(22)**	(72)	**(7)**	(72)
Balance at end of year	**613**	358	**420**	232

Credit risk

The Group's principal financial asset is trade and other receivables which represents the Group's maximum exposure to credit risk in relation to financial assets.

The Group has a very low credit risk due to the transactions being principally of a high volume, low value nature. Credit limits are set with reference to trading history and reports from credit rating agencies. At the sales order entry stage the customer's available facility is checked to ensure that the customer credit limit is not exceeded. Overdue accounts are regularly reviewed and impairment provisions are created where necessary. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Included in the Group's trade receivables are debtors with a carrying amount of £5,088,700 (2007: £6,199,400) which are past due at the reporting date for which the Group has not provided as there has not been any significant change in credit quality and the amounts are considered recoverable. Balances of £1,721,000 included in this total were over 120 days past due (2007: £2,362,000). The Group does not hold any collateral over these balances.

The total carrying value of financial assets is £31,016,000 (2007: £24,619,000) and comprises of cash and cash equivalents and trade receivables.

18. Trade and other payables

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Trade payables	**14,605**	12,665	**13,431**	10,182
Amounts owed to Group undertakings	**-**	-	**4,859**	4,600
Other payables	**1,354**	1,638	**1,263**	1,510
Other taxes and social security	**2,182**	2,059	**1,799**	1,712
Accruals and deferred income	**6,716**	7,841	**5,978**	7,088
	24,857	24,203	**27,330**	25,092

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 47 working days (2007: 39). Trade payables are not interest bearing and are generally settled within terms. Other creditors and accruals are non interest bearing.

The Directors consider that the carrying amount of trade payables approximates their fair value.

The total carrying value of financial liabilities is £21,321,000 (2007: £20,506,000) and comprises of trade payables and accruals.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Cash and cash equivalents	**6,043**	1,856	**3,535**	213

Cash and cash equivalents comprise cash held by the Group. The carrying amount of these assets approximates their fair value.

20. BORROWINGS

Borrowings comprise:

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Bank overdrafts	**352**	161	**96**	-
Bank loans	**29,061**	25,214	**29,061**	25,214
	29,413	25,375	**29,157**	25,214

The borrowings are repayable as follows:

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Due within one year	**1,561**	9,161	**1,305**	9,000
Due in the second year	**10,928**	9,774	**10,928**	9,774
Due in the third to fifth years inclusive	**14,394**	5,278	**14,394**	5,278
After five years	**2,530**	1,162	**2,530**	1,162
	29,413	25,375	**29,157**	25,214
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,561)**	(9,161)	**(1,305)**	(9,000)
Amount due for settlement after 12 months	**27,852**	16,214	**27,852**	16,214

The Directors consider that the fair value of the Group's borrowings approximates to the same carrying as their values.

BORROWING FACILITIES

During the financial year the Group renegotiated its banking facility with HSBC. The new bank facility comprises of:

(i) Bank overdrafts which are repayable on demand and bear interest at a margin over Bank of England Base Rate; and

(ii) four principle bank loans:

  (a) a loan of £10.0 million repayable in full in June 2012 and bears interest at a margin above Bank of England Base Rate.

  (b) a loan of £10.0 million repayable by monthly instalments commencing on 24 August 2007 which will continue until July 2014. The loan bears interest at a margin over Bank of England Base Rate.

  (c) a revolving credit facility of £8.3 million repayable in full in January 2010 which bears interest at a margin over Bank of England Base Rate.

  (d) a Euro currency loan of €2.5 million repayable in full in July 2009 which bears interest at a margin above LIBOR.

The overdrafts and loans are secured on the Group's Freehold Land and Buildings at Thornbury, Bristol. A series of cross guarantees exists between Alexandra plc and its UK subsidiaries in respect of the bank facilities.

At 31 January 2008 the Group had committed borrowing facilities of £34,561,000 (2007: £30,215,000) in respect of which all conditions precedent were met.

20. BORROWINGS - CONTINUED

The Group has the following undrawn committed bank facilities at 31 January 2008:-

	2008 £000	2007 £000
Expiring in one year or less - subject to annual review	**10,432**	6,695
Expiring in 2010	**500**	-
	10,932	6,695

The currency and interest rate exposure of the Group's and Company's borrowings at 31 January 2008 were as follows:-

	2008		2007	
	Group Floating rate financial liabilities £000	**Company Floating rate financial liabilities £000**	Group Floating rate financial liabilities £000	Company Floating rate financial liabilities £000
Currency				
Sterling	**23,336**	**25,767**	21,507	24,068
Moroccan dirhams	**256**	**(1)**	160	(1)
US Dollars	**(545)**	**(586)**	185	108
Euro	**429**	**549**	149	937
Other	**(106)**	**(106)**	(111)	(111)
	23,370	**25,623**	21,890	25,001

Floating rate borrowings consist of bank loans and overdrafts, and draw downs under the Group's revolving acceptance credit and LIBOR revolving credit facilities. These financial liabilities bear interest based on either bank base rate or LIBOR. Fixed rate financial liabilities comprise finance leases. £5.0m (2007: £5.0m) of the borrowings was converted to fixed interest rates using an interest rate swap of 4.9% which is effective from 7 February 2005 to 7 February 2013. The interest rate swap is designated and effective as a cash flow hedge and the fair value thereof has been included in equity.

Other fixed rate financial instruments comprise finance leases (see note 21).

21. OBLIGATIONS UNDER FINANCE LEASES

The Group uses finance leases to acquire certain computer equipment and computer software. The average lease term is between three and four years.

	Group & Company	
Future minimum payments due:	**2008 £000**	2007 £000
Within one year	**948**	630
In second year	**878**	617
In the third to fifth years inclusive	**514**	574
	2,340	1,821
Less finance charges allocated to future periods	**(275)**	(192)
Present value of minimum lease payments	**2,065**	1,629

The present value of minimum lease payments is analysed as follows:

Within one year	**800**	538
In second year	**786**	564
In the third to fifth years inclusive	**479**	527
	2,065	1,629
Less: Amount due for settlement within 12 months (shown under credit liabilities)	**(800)**	(538)
Amount due for settlement after 12 months	**1,265**	1,091

21. Obligations under finance leases - continued

Inherent interest rates are fixed at the contract date. For the year ending 31 January 2008 the average effective interest rate was 7.2% (2007: 6.9%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Finance lease liabilities are secured on the assets to which the contract relates.

£503,000 (2007: £nil) of the lease obligation are denominated in euros, the remainder is denominated in sterling.

The fair value of the Group's lease obligations approximates their carrying amount.

22. Operating lease arrangements

At 31 January 2008 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases that fall due as follows:
(i) Property leases:-

	Group		Company	
	2008 £000	2007 £000	**2008 £000**	2007 £000
Expiring:-				
Within one year	**16**	184	**13**	23
In the second to fifth years inclusive	**931**	765	**569**	318
After five years	**10,943**	12,505	**10,943**	12,505
	11,890	13,454	**11,525**	12,846

The Group leases premises for use within its business. Due to the changing requirements of the Group some of these properties have been sublet. The leases have various terms and renewable rights, the majority of which are subject to rent reviews. The outstanding commitment has been calculated to the tenant exercisable break clause where relevant, net of any minimum lease payments on sublet property rental income.

(ii) Plant and equipment:-

	Group		Company	
	2008 £000	2007 £000	**2008 £000**	2007 £000
Expiring:-				
Within one year	**32**	65	**32**	65
In the second to fifth years inclusive	**1,002**	766	**980**	730
	1,034	831	**1,012**	795

The Group leases some computer equipment and vehicles.

23. Other provisions for liabilities

	Leasehold Property Provision	
	2008 £000	2007 £000
Group		
At 1 February 2007	**181**	81
Transfer from profit and loss account	**54**	100
Utilised in the year	**(70)**	-
At 31 January 2008	**165**	181
Company		
At 1 February 2007	**152**	81
Transfer from profit and loss account	**54**	71
Utilised in the year	**(55)**	-
At 31 January 2008	**151**	152

In accordance with IAS 37 the leasehold property provision relates to costs in respect of vacant properties and anticipated dilapidations.

24. Deferred Tax

The following are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior year.

Group

	Revaluation of property £000	Retirement benefit obligations £000	Other timing differences £000	Tax losses £000	Accelerated capital allowances £000	Total £000
At 1 February 2006	-	4,222	53	97	(621)	3,751
(Charge) / credit to income	-	(127)	15	(13)	44	(81)
Charge to equity	-	(1,341)	-	-	-	(1,341)
At 31 January 2007	**-**	**2,754**	**68**	**84**	**(577)**	**2,329**
(Charge) / credit to income	**-**	**(106)**	**(85)**	**(15)**	**115**	**(91)**
Charge to equity	**(285)**	**(201)**	**-**	**-**	**-**	**(486)**
At 31 January 2008	**(285)**	**2,447**	**(17)**	**69**	**(462)**	**1,752**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance (after offset) for financial reporting purposes:

	2008 £000	2007 £000
Deferred tax liabilities	**(764)**	(509)
Deferred tax asset	**2,516**	2,838
	1,752	2,329

Company

	Revaluation of property £000	Retirement benefit obligations £000	Other timing differences £000	Accelerated capital allowances £000	Total £000
At 1 February 2006	-	4,222	46	(608)	3,660
(Charge) / credit to income	-	(127)	22	40	(65)
Charge to equity	-	(1,341)	-	-	(1,341)
At 31 January 2007	**-**	**2,754**	**68**	**(568)**	**2,254**
(Charge) / credit to income	**-**	**(106)**	**(86)**	**106**	**(86)**
Charge to equity	**(285)**	**(201)**	**-**	**-**	**(486)**
At 31 January 2008	**(285)**	**2,447**	**(18)**	**(462)**	**1,682**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance (after offset) for financial reporting purposes:

	2008 £000	2007 £000
Deferred tax liabilities	**(765)**	(500)
Deferred tax asset	**2,447**	2,754
	1,682	2,254

A deferred tax provision has been recognised in respect of the revaluation surplus on freehold properties only to the extent that this is not offset by capital losses and there is a legally enforceable right to offset capital gains against capital losses brought forward.

At the balance sheet date unused tax losses existed in certain of the Group's overseas subsidiaries. A deferred tax asset has not been recognised in respect of these losses due to the unpredictability of future profit streams.

25. SHARE CAPITAL

	2008		2007	
	Number	**£000**	Number	£000
Authorised Share Capital				
Ordinary shares of 10p each	**44,000,000**	**4,400**	44,000,000	4,400
Issued and Fully Paid Share Capital				
Ordinary shares of 10p each	**33,409,654**	**3,341**	33,409,654	3,341

As at the 31 January 2008, options for 58,027 (2007: 58,027) shares were outstanding, the details of which are given in the Report on the Directors' Remuneration on page 62.

26. RETIREMENT BENEFITS OBLIGATIONS

The Company operates two funded pension schemes in the UK. These are the Alexandra 1994 Pension Fund and the Alexandra Pension Fund. The Alexandra 1994 Pension Fund has both defined benefit and contribution sections, although the defined contribution section is relatively small. The Alexandra Pension Fund is a defined benefit scheme. The defined benefit schemes are closed to new entrants.

This disclosure is in respect of the defined benefit sections only.

The Company has opted to recognise all actuarial gains and losses immediately through the Statement of Recognised Income and Expenditure (SORIE).

A full actuarial valuation of the scheme was carried out as at 5 April 2006 and updated to 31 January 2008 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:-

	2008 (% p.a.)	2007 (% p.a.)	2006 (% p.a.)
Discount rate	**6.1%**	5.7%	5.0%
Rate of salary increase	**3.5%**	3.3%	3.9%
Rate of increase to pensions in payment (where index-linked)	**3.1%**	2.9%	2.5%
Rate of inflation	**3.5%**	3.3%	2.9%
Mortality table assumption - non-pensioners	**PA92(C=2020)**	PA92(C=2020)	PA92(C=2020)
Mortality table assumption - pensioners	**PA92(C=2010)**	PA92(C=2010)	PA92(C=2010)

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

The mortality assumption implies the expected future lifetime from age 65 as follows:

	2008	2007	2006
Non-pensioner male (years)	**19.9**	19.9	19.9
Pensioner male (years)	**19.0**	19.0	19.0
Non-pensioner female (years)	**22.8**	22.8	22.8
Pensioner female (years)	**22.0**	22.0	22.0

The amounts recognised in the income statement are as follows:

	2008 £000	2007 £000
Current service cost	**316**	429
Interest cost	**2,812**	2,629
Expected return on scheme assets	**(2,531)**	(2,287)
Settlement and curtailments	**-**	(95)
Total expense recognised in income statement	**597**	676

26. RETIREMENT BENEFITS OBLIGATIONS - CONTINUED

Actuarial gains to be shown in SORIE are:

	2008 £000	2007 £000
Actuarial gains	**62**	4,469

The cumulative amount of actuarial gains reported in SORIE was £2,921,000 (2007: £2,859,000).

The actual return on scheme assets was £309,000 (2007: £1,707,000).

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	2008 £000	2007 £000
Present value of defined benefit obligations	**49,270**	49,648
Fair value of scheme assets	**(40,529)**	(40,466)
Liability recognised in the balance sheet	**8,741**	9,182

The assets in the scheme and the expected rates of return were:

	Long term rate of return expected at 31/01/08	Fair value of assets at 31/01/08 £000	Long term rate of return expected at 31/01/07	Fair value of assets at 31/01/07 £000	Long term rate of return expected at 31/01/06	Fair value of assets at 31/01/06 £000
Equities	**7.50%**	**25,923**	7.80%	28,339	7.10%	28,190
Bonds	**4.70%**	**14,596**	4.80%	11,960	4.51%	10,710
Cash	**5.50%**	**10**	5.25%	167	4.50%	(198)
		40,529		40,466		38,702

Changes in the present value of the defined benefit obligation are as follows:

	2008 £000	2007 £000
Benefit obligation at start of year	**49,648**	52,775
Service cost	**316**	429
Interest cost	**2,812**	2,629
Contributions by plan participants	**170**	188
Actuarial gain	**(2,538)**	(5,246)
Benefits paid	**(1,138)**	(1,032)
Curtailments and settlements	**-**	(95)
Benefit obligation at end of year	**49,270**	49,648

Changes in the fair value of plan assets are as follows:

	2008 £000	2007 £000
Fair value of plan assets at start of period	**40,466**	38,702
Expected return on plan assets	**2,531**	2,287
Actuarial loss	**(2,476)**	(777)
Contributions by employers	**976**	1,098
Contributions by plan participants	**170**	188
Benefits paid	**(1,138)**	(1,032)
Fair value of plan assets at end of year	**40,529**	40,466

26. RETIREMENT BENEFITS OBLIGATIONS - CONTINUED

History of scheme assets, obligations and experience adjustments

	2008 £000	2007 £000	2006 £000	2005 £000	2004* £000
Present value of defined benefit obligation	**49,270**	49,648	52,775	44,003	37,995
Fair value of schemes' assets	**40,529**	40,466	38,702	31,433	28,407
Deficit in the scheme	**(8,741)**	(9,182)	(14,073)	(12,570)	(9,588)
Experience adjustments arising on schemes liabilities	**(2,538)**	(5,246)	6,606	4,214	(1,815)
Experience item as a percentage of schemes liabilities	**(5%)**	(11%)	13%	10%	(5%)
Experience adjustments arising on schemes assets	**(2,476)**	(777)	4,996	1,250	3,583
Experience item as a percentage of schemes assets	**(6%)**	(2%)	13%	4%	13%

*2004 figures based on FRS 17.

The estimated Company contributions to the Defined Benefit Section of the Alexandra 1994 Pension Fund for the year ending 31 January 2009 is £580,000 (excluding expenses).

27. RESERVES

	Profit and loss account £000	**General capital reserve £000**	**Capital redemption reserve £000**	**Translation reserve £000**	**Share premium £000**	**Revaluation reserve £000**	**Hedging reserve £000**	**Total £000**
Group								
At 1 February 2006 (restated)	12,857	980	55	2	1,848	2,359	(124)	17,977
Profit for the year (note 33)	2,118	-	-	-	-	-	-	2,118
Dividends paid	(2,005)	-	-	-	-	-	-	(2,005)
Actuarial gains on defined benefit scheme	4,469	-	-	-	-	-	-	4,469
Deferred tax on items taken directly to equity	(1,341)	-	-	-	-	-	-	(1,341)
Release to profit and loss account	50	-	-	-	-	(50)	-	-
Exchange difference on translation of foreign operations	-	-	-	(24)	-	(1)	-	(25)
Losses on cash flow hedge	-	-	-	-	-	-	(71)	(71)
At 31 January 2007 (restated)	16,148	980	55	(22)	1,848	2,308	(195)	21,122
At 1 February 2007	**16,148**	**980**	**55**	**(22)**	**1,848**	**2,308**	**(195)**	**21,122**
Profit for the year	**3,370**	**-**	**-**	**-**	**-**	**-**	**-**	**3,370**
Dividends paid	**(2,138)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,138)**
Actuarial gains on defined benefit scheme	**62**	**-**	**-**	**-**	**-**	**-**	**-**	**62**
Revaluation increase on land & buildings	**-**	**-**	**-**	**-**	**-**	**2,671**	**-**	**2,671**
Deferred tax on items taken directly to equity	**(201)**	**-**	**-**	**-**	**-**	**(285)**	**-**	**(486)**
Exchange difference on translation of foreign operations	**-**	**-**	**-**	**14**	**-**	**-**	**-**	**(14)**
Gains on cash flow hedge	**-**	**-**	**-**	**-**	**-**	**-**	**284**	**284**
At 31 January 2008	**17,241**	**980**	**55**	**(8)**	**1,848**	**4,694**	**89**	**24,899**

27. Reserves - continued

	Profit and loss account £000	General capital reserve £000	Capital redemption reserve £000	Share premium £000	Revaluation reserve £000	Hedging reserve £000	Total £000
Company							
At 1 February 2006 (restated)	24,988	980	55	1,848	2,308	(124)	30,055
Profit for the year (note 33)	1,697	-	-	-	-	-	1,697
Dividends paid	(2,005)	-	-	-	-	-	(2,005)
Actuarial gains on defined benefit scheme	4,469	-	-	-	-	-	4,469
Deferred tax on items taken directly to equity	(1,341)	-	-	-	-	-	(1,341)
Losses on cash flow hedge	-	-	-	-	-	(71)	(71)
At 31 January 2007 (restated)	27,808	980	55	1,848	2,308	(195)	32,804
At 1 February 2007	**27,808**	**980**	**55**	**1,848**	**2,308**	**(195)**	**32,804**
Loss for the year	**(474)**	**-**	**-**	**-**	**-**	**-**	**(474)**
Dividends paid	**(2,138)**	**-**	**-**	**-**	**-**	**-**	**(2,138)**
Actuarial gains on defined benefit scheme	**62**	**-**	**-**	**-**	**-**	**-**	**62**
Revaluation increase on land & buildings	**-**	**-**	**-**	**-**	**2,671**	**-**	**2,671**
Deferred tax on items taken directly to equity	**(201)**	**-**	**-**	**-**	**(285)**	**-**	**(486)**
Gains on cash flow hedge	**-**	**-**	**-**	**-**	**-**	**284**	**284**
At 31 January 2008	**25,057**	**980**	**55**	**1,848**	**4,694**	**89**	**32,723**

28. Analysis of net debt

	Group		Company	
	2008 £000	2007 £000	**2008 £000**	2007 £000
Cash and cash equivalents	**(5,691)**	(1,695)	**(3,439)**	(213)
Bank borrowing due within one year	**1,209**	9,000	**1,209**	9,000
Bank borrowing due after more than one year	**27,852**	16,214	**27,852**	16,214
Finance leases	**2,065**	1,629	**2,065**	1,629
Total net debt	**25,435**	25,148	**27,687**	26,630

29. Related party transactions

Details of related party transactions which took place during the year are given in the Report on the Directors' Remuneration on pages 59 to 62.

Transactions between the Company and its subsidiaries, which are related parties, are as follows:

	Sale of goods		Purchase of goods		Services provided	
	2008 £000	2007 £000	**2008 £000**	2007 £000	**2008 £000**	2007 £000
Subsidiaries	**2,216**	2,529	**3,347**	4,889	**469**	422

Sales and purchases of goods to related parties were made at market price discounted to reflect the quantity of goods purchased and the relationship between the parties. The amounts owed and due to related parties are shown in notes 17 and 18 respectively. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

30. Derivative financial instruments

(a) Other financial asset

	Group & Company	
	2008 £000	2007 £000
Fair value of interest rate swap	**7**	148
Fair value of foreign exchange contracts	**82**	-
	89	148

(b) Other financial liabilities

	Group & Company	
	2008 £000	2007 £000
Fair value of foreign exchange contracts	**-**	343

An explanation of the Group's objectives, policies and strategy relating to derivatives and financial instruments can be found in the Financial Review on pages 9 to 13.

(c) Currency derivatives and exposures

The Group operates a hedging policy whereby the uncertainty of non-sterling costs is substantially reduced by using forward exchange contracts and options.

Currency exposure on future expected purchases within the next 12 months is hedged through the use of forward exchange contracts. Upon maturity, the amount deferred in equity will be included in the carrying amount of inventories. It is anticipated that the inventories will be sold within 12 months after purchase at which stage the amount deferred in equity will impact profit or loss.

At the year end date, the total notional amount of outstanding forward exchange contracts that the Group had committed are as below.

	2008 £000	2007 £000
Forward foreign exchange contracts - all denominated in US dollars	**5,698**	8,265

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to asset £82,000 (2007: liability £343,000) has been included in equity. Changes in the fair value of non-hedging currency derivatives have been charged to income in the year.

Gains and losses relating to monetary assets and liabilities of Group companies that are not denominated in their functional currency will be recognised in the income statement. Taking into account the effect of forward contracts, Group companies did not have a material exposure to foreign exchange gains or losses on monetary assets and monetary liabilities denominated in foreign currencies at 31 January 2008.

Gains and losses arising on the re-translation of overseas net assets are recognised directly in equity.

(d) Interest rate swaps

The interest rate exposure of the Group has further been managed by the purchase of an interest rate swap with a notional principal of £5.0 million (2007: £5.0 million). The interest rate swap with a fixed rate of 4.97% p.a. is effective from 7 February 2005 to 7 February 2013. The interest rate swaps settle on a six-monthly basis for the next five years. The Group will settle the difference between fixed and floating rate interest on a net basis. This is recognised as a profit or loss upon settlement.

The interest rate swaps are designated and effective as cash flow hedges and the fair value thereof has been included in equity.

The fair value of foreign exchange and interest rate derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates and are based on market prices at the balance sheet date.

31. FINANCIAL INSTRUMENTS : RISK MANAGEMENT

The Group's principal financial instruments other than derivatives, comprise bank overdrafts, loans and cash. The main purpose of these financial instruments is to manage the Group's funding and and liquidity requirements. In addition the Group has other financial assets and liabilities such as trade receivables and trade payables which arise directly from operations.

The principal financial risks to which the Group is exposed are those of interest rate, liquidity, foreign currency and credit. Each of these are managed in accordance with Board approved policies, details of which are contained in the Financial Review on pages 9 to 13.

LIQUIDITY RISK

The Group manages its cash and borrowings requirements centrally to minimise net interest expense within risk parameters agreed by the Board whilst ensuring the Group has sufficient liquid resources to meet the operating needs of its business. The forecast cash and borrowings profile of the Group is monitored to ensure that adequate headroom remains under committed borrowing facilities.

MARKET RISK

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

a) forward foreign exchange contracts to hedge the exchange rate risk on the purchase of inventory in US dollars;

b) interest rate swap to mitigate the risk of rising interest rates; and

c) borrowings denominated in the currency of the principal assets and cash flows. These are primarily denominated in US dollars, Euros and Sterling.

CREDIT RISK

Credit risk relates to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Investment of cash surpluses, borrowings and derivative instruments are made through banks which must fulfil credit rating investment criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts. The concentration of credit risk is limited due to the customer base being large and unrelated.

Details of the Group's outstanding receivables balances are shown in note 17.

CAPITAL RISK

The capital structure of the Group consists of debt as analysed in note 20 and 21, cash and cash equivalents in note 19 and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earning as disclosed in notes 25 and 27. The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group is not subject to any externally imposed capital requirements.

SENSITIVITY ANALYSIS

The exposure to the Moroccan dirham is not considered a significant risk due to the close correlation between it and the Euro providing a pseudo hedge.

FOREIGN CURRENCY

The Group's principal foreign currency exposures are to the US dollars and Euros. The table overleaf illustrates the hypothetical sensitivity of the Group's reported profits and equity to a 10% increase and decrease in the US dollar/ Sterling and Euro / Sterling exchange rates at the year end date assuming all other variables remain unchanged. The sensitivity rate of 10% represents the Directors' assessment of a reasonable possible change. The analysis assumes that exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge relationship affect the fair value in equity and the fair value of the hedging derivatives. For foreign exchange derivatives which are not designated hedges, movements in exchange rates impact on the income statement.

31. FINANCIAL INSTRUMENTS : RISK MANAGEMENT - CONTINUED

Positive figures represent an increase in profit or equity.

Year end exchange rates applied in the analysis below are US dollar 1.99 (2007: 1.96) and Euro 1.34 (2007: 1.50).

	Income Statement		Equity	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Sterling strengthens by 10%				
US Dollar	**362**	157	**(527)**	(720)
Euro	**(46)**	(42)	**(84)**	(75)
Sterling weakens by 10%				
US Dollar	**(443)**	(192)	**643**	880
Euro	**57**	51	**103**	92

INTEREST RATE SENSITIVITY

The table below illustrates the hypothetical sensitivity of the Group's reported profit to a 0.5% increase or decrease in interest rates, assuming all other variables were unchanged. The sensitivity rate of 0.5% represents the Directors assessment of a reasonable possible change.

The analysis has been prepared using the assumption that for floating rate assets and liabilities, the amount of the asset or liability outstanding at the balance sheet date has been outstanding for the whole year and for fixed rate financial instruments that are carried at amortised cost are not subject to interest rate at risk for the purpose of this analysis.

	Income Statement	
	2008	2007
Positive figures represents an increase in profit.	**£000**	£000
Interest rate increase of 0.5%	**(92)**	(103)
Interest rate increase of 0.5%	**92**	103

32. CONTROLLING PARTY

There is no ultimate controlling party.

33. PRIOR YEAR ADJUSTMENTS

Internally generated costs associated with the set up of new contracts have, in previous years, been consistently treated as prepayments and written off over the period of the contract. Advice received in connection with finalisation of this year's financial statements indicates that under IAS 2 "Inventories", these costs should have been written off in the year in which they were incurred.

In accordance with IAS 8 this correction has been accounted for retrospectively and the comparative statements for 2007 restated. The net effect of this change is to reduce opening net assets for the year ending 31 January 2007 by £648,000.

Effect on previously reported results for year ending 31 January 2007

	Group	Company
	2007	2007
	£000	£000
Profits after tax previously reported	2,608	2,147
Increase in contract costs (included in cost of sales)	(623)	(561)
Decrease in current tax	190	168
	2,175	1,754

33. PRIOR YEAR ADJUSTMENTS - CONTINUED

Effect on previously reported net assets for year ending 31 January 2007

	Group 2007 £000	Company 2007 £000
Net assets previously reported	25,748	37,334
Adjustment in respect of contract costs net of tax	(1,081)	(985)
	24,667	36,349

This change has reduced the basic and diluted earnings per share by 1.3p.

In addition and in line with best practice following further clarification by IASB in February 2008 regarding the treatment of advertising material under IAS 38 "Intangible Assets", catalogue costs have been expensed to the income statement at the point at which goods and services received from the suppliers. In prior years these costs were expensed at the time of despatch to the customers.

In accordance with IAS 8 this change in accounting policy has been accounted for retrospectively and the comparative statements for 2007 restated. The net affect of adopting this new policy is to reduce opening net assets for the year ending 31 January 2007 by £147,000.

Effect on previously reported results for year ending 31 January 2007

	Group 2007 £000	Company 2007 £000
Profits after tax previously reported adjusted for change in contract costs per above	2,175	1,754
Increase in catalogue costs (included in administration expenses)	(82)	(82)
Decrease in current tax	25	25
	2,118	1,697

Effect on previously reported net assets for year ending 31 January 2007

	Group 2007 £000	Company 2007 £000
Net assets previously reported adjusted for changes in contract costs per above	24,667	36,349
Adjustment in respect of catalogue costs net of tax	(204)	(204)
	24,463	36,145

This change has reduced the basic and diluted earnings per share by 0.2p.

The changes above have had no impact on the cash flows previously reported.

The Group manages its affairs in accordance with the principles of corporate governance contained in the Combined Code on Corporate Governance ("Combined Code") issued by the Financial Services Authority in July 2003 and updated in June 2006.

This statement describes how the principles of Good Governance have been applied to the Group, including both the main Principles and the Supporting Principles as described in section 1 of the Combined Code. This should be read in conjunction with the Report on the Directors' Remuneration, which covers the Principles on Directors' Remuneration.

The Group has complied with the provisions set out in Section 1 of the Combined Code throughout the year except where indicated below.

Directors

The Board currently comprises two Executive and two Non-Executive Directors. Their details including information on their backgrounds are set out on page 17. The Board has a wide range of experience and in the case of the Non-Executive Directors independence which is invaluable in the Board's deliberations. During the year Mr C A Marsh was appointed as Non-Executive Director of Structured Investment Products plc and CVS Group plc. These changes will not have any significant impact on his commitment to the Group. The Directors consider that the current size of the Board is appropriate for the requirements of the business.

Ms E New was appointed on 19 April 2006 and the Board has concluded that she is independent on the basis of the criteria specified in paragraph A.3.1 of the Combined Code and generally. Ms E New is the Senior Independent Director.

There is a clear delineation of responsibility between the Chairman, Chief Executive and the other Directors. The Chairman is responsible for the effective running of the Board whilst the Chief Executive is responsible for operating the business and implementing the Board's strategies and policies.

Directors have the right to seek independent professional advice in the furtherance of their duties at the Company's expense. In addition, all the Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring agreed procedures, rules and regulations are followed.

The business of the Group is managed by the Board of Directors, which met formally ten times during the year. All Directors attended all meetings with the exception of Ms E New who did not attend two meetings in July 2007 and December 2007. The meetings follow a formal agenda covering matters specifically reserved for decision by the Board. These include key areas of the Group's affairs such as overall strategy, organisational and compliance issues, acquisition policy, approval of annual and interim results and budgets, major capital expenditure programmes and financing issues. The Board also reviews trading performance and receives regular reports and presentations on all aspects of the business. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed by the Company Secretary to all Directors in advance of the Board meetings. In addition, there is frequent contact between meetings to progress the Group's business.

The Executive management team have the responsibility of implementing the strategies and policies determined by the Board and monitoring the operational and financial performance of the business against budgets and forecasts.

During the year there were no formal performance evaluations of the Board and its Committees. However, the contribution by the Directors to the Board and its Committees was reviewed informally. The Board intends to formalise a programme of performance evaluation during the current year.

In accordance with the Company's Articles of Association, one third of the Directors submit themselves for re-election each year at the Annual General Meeting so that each Director seeks re-election at least triennially. New Directors appointed during the year, and Non-Executive Directors who are not independent, seek re-appointment at the next Annual General Meeting.

Board Committees

The Board has appointed two formal committees: the Audit Committee and the Remuneration Committee, each of which operate within clearly defined terms of reference.

Due to its size, the Board does not consider a permanent Nomination Committee to be appropriate. Instead such a Committee is formed as required to assess candidates for appointment as a Director. No such Committee met during the year.

Remuneration Committee

The Remuneration Committee comprises the Non-Executive Directors and met four times last year. All members attended every meeting. The Code requires that the Committee is chaired by an Independent Non-Executive Director and comprises two Independent Non-Executive Directors in addition to the Company Chairman. During the year and the current year to date there were only two members of the Committee, including the Chairman. Ms E New chaired the Committee. The Committee determines the contract terms, remuneration and other benefits of each of the Executive Directors. The Chief Executive normally participates in the discussions of the Remuneration Committee except when his own performance or remuneration is under review. Where appropriate, the Committee takes advice from external remuneration consultants. The Executive Directors determine the remuneration of the Non-Executive Directors. The Report on the Directors' Remuneration is set out on pages 59 to 62.

Relations with Shareholders

The Group encourages communication with both its institutional and private shareholders. The Chairman, Chief Executive and Finance Director undertake a formal programme of presentations to both shareholders and prospective shareholders in the periods following the announcement of its full year and interim results and other appropriate times during the year. The Board is of the opinion that additional routine meetings with the Senior Independent Director would not assist further in the dialogue with shareholders. However, the Senior Independent Director is available to meet with shareholders at their request.

In addition to the circulation of external brokers' reports to the Board, feedback is provided to the Board and in particular the Senior Independent Director, on any issues raised by the Shareholders at these meetings.

All Directors are normally present to answer questions at the Annual General Meeting.

Accountability and Audit

The Board seeks to ensure that its Annual Report and other public financial statements provide a clear assessment of the Group's position. On the basis of the current financial projections and facilities available, the Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider it is appropriate to adopt the going concern basis in preparing the financial statements.

The Directors have responsibility for the Group's systems of internal control and for regularly reviewing its effectiveness. It is recognised that such a system is designed to manage rather than eliminate the risk of business objectives not being achieved, and can only provide reasonable and not absolute assurance against material misstatement or loss.

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been established and was operational throughout the year to 31 January 2008. The process is regularly reviewed by the Board and accords with "Internal Control - Guidance for Directors on the Combined Code" produced by the Turnbull working party. Corrective action has been taken to rectify an issue concerning stock valuation within the Group's internal management accounts during the year. This does not affect the contents of the Annual Report and Accounts.

The management of all forms of business risk is an important part of ensuring the Group creates and protects value for its shareholders. The process involves the identification of specific risks in many different areas, the assessment of those risks in terms of their potential impact, the likelihood of them materialising and then making decisions as to the most appropriate method of managing them. The latter may include regular monitoring, investment in additional resources, transfer of risk to third parties via insurance or hedging agreements and contingency planning.

The Board has reviewed the need for an internal audit function and has concluded that sufficient internal controls exist within the Group and that the operation is not large enough to warrant a dedicated internal audit function. However, the Group did undertake a number of specific audit procedures during the course of the year.

AUDIT COMMITTEE

The Audit Committee, which is chaired by Mr C A Marsh and comprises the Non-Executive Directors, met twice during the year. All members attending every meeting. Other Board members attended the Committee meetings at the invitation of the Committee Chairman, Mr C A Marsh is considered to have the most recent and relevant financial experience required for this role.

The Committee is responsible for reviewing a wide range of matters including the half year and annual financial statements before submission to the Board, corporate public announcements prior to their release and for monitoring the internal financial controls which are in place to ensure the integrity of information reported to the shareholders. The Audit Committee advises the Board on the appointment and remuneration of the external auditors and discusses the nature, scope and results of the audit with the external auditors. In addition, the Committee reviews the performance of the Company's external auditors, Nexia Smith & Williamson LLP, and the effectiveness of their audit process.

The Committee regularly monitors the non-audit services being provided by the external auditors to ensure their objectivity and independence is not compromised. During the year the non-audit work carried out included tax compliance.

The Committee is of the opinion that the nature of this work does not prejudice the auditors' independence and objectivity, and accordingly a resolution to re-appoint Nexia Smith & Williamson LLP will be proposed at the Annual General Meeting.

Report on the Directors' Remuneration

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 (the "Regulations"). It has been approved by the Directors and will be put to the shareholders for approval at the Annual General Meeting on 1 July 2008.

The Regulations require the auditors to report to the Company's members on the "auditable part" of the Report on the Directors' Remuneration and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

Information not subject to audit

The remuneration policy for Directors is set by the Board and is described below. It is determined by the Remuneration Committee within the framework of this policy. The remuneration of Executive Directors is determined by the Remuneration Committee which consists entirely of Non-Executive Directors. The Remuneration Committee, whose members during the year comprised of Mr C A Marsh and Ms E New, was chaired by Ms E New.

The Remuneration Committee consults with Mr J R Budd, the Chief Executive, as appropriate with regard to its proposals relating to the remuneration of the Executive Directors.

Remuneration policy

The policy of the Remuneration Committee is to review the Executive Directors' remuneration based on market practice within the Company's market sector. The Group wishes to attract, motivate and retain key executives. Accordingly, its policy is to design remuneration packages which, through an appropriate combination of basic salary, performance related bonuses, share options, pension arrangements and certain benefits, reward executives fairly and responsibly for their individual contributions, whilst linking their potential earnings to the performance of the Group as a whole. The overall package, which will be reviewed on a regular basis, may contain the following elements:-

(a) Basic salaries

Basic salaries for Executive Directors are reviewed annually by the Remuneration Committee and are set at levels which reflect their performance, degree of responsibility, achievement of objectives and ensure that they are competitive with pay for Executive Directors holding equivalent positions in comparable companies.

(b) Long term incentive plan (LTIP) and performance share plan

During the year the Alexandra plc Long Term Incentive Plan 2005 and the Alexandra plc Performance Share Plan 2006 were cancelled as the Remuneration Committee did not believe that the schemes met the future needs of the business.

There were no awards made under either scheme during the year.

(c) Performance related bonus

The Remuneration Committee can award discretionary bonuses, which are linked to the achievement of demanding individual, business and corporate objectives.

(d) Pension benefits

Mr J R Budd is a member of the Alexandra 1994 Pension Fund and accrues defined benefits under the Fund. For Mr J R Budd, pensionable salary is based on gross taxable remuneration excluding performance related bonus.

The Alexandra 1994 Pension Fund provides pensions of up to two thirds of final pensionable salary, dependent on length of service. In addition, life assurance of up to four times basic salary and a pension of one half of the member's entitlement for spouses on their death in service are provided apart from Mr J R Budd where the benefit is two thirds. Pensions increase in retirement in line with the Retail Price Index to a maximum of 5% per annum.

Details of the Directors' accrued pensions are shown on page 62.

As the defined benefit scheme is closed to new entrants, the Company contributes 7.5% of basic salary for Mr K Gibbs and contributed 3% of basic salary for Mr J Tucker to the Alexandra's Retirement Benefit Scheme. During the year the Company paid £11,000 into the pension scheme for Mr K Gibbs and £2,000 for Mr J Tucker.

(E) EXECUTIVE SHARE OPTION SCHEME

The Executive Share Option Scheme was adopted on 30 November 1984 and renewed at the Annual General Meeting on 6 June 1994. Share options held by Directors are set out on page 62. No share options were granted to the Executive Directors during the year.

There are no specific performance criteria as the Committee considered that the movement in share price would reflect the performance of the Company.

No further grants can be made under this scheme.

(F) OTHER BENEFITS

Other benefits include the provision of a company car (or car allowance in lieu of a car) and private health insurance.

(G) NON-EXECUTIVE DIRECTORS

The Non-Executive Directors are independent of management and have no relationship which could materially interfere with the exercise of their independent judgement. The remuneration of the Non-Executive Directors is decided by the Executive Directors on advice from relevant external organisations. They are not eligible for performance related remuneration or other benefits.

SERVICE CONTRACTS

All Executive Directors have contracts with an indefinite term providing for a maximum of one year's notice. In the event of early termination Mr J R Budd is entitled to be credited with one year's pensionable service. In addition, if the Company makes a payment in lieu of notice this payment will not be subject to mitigation.

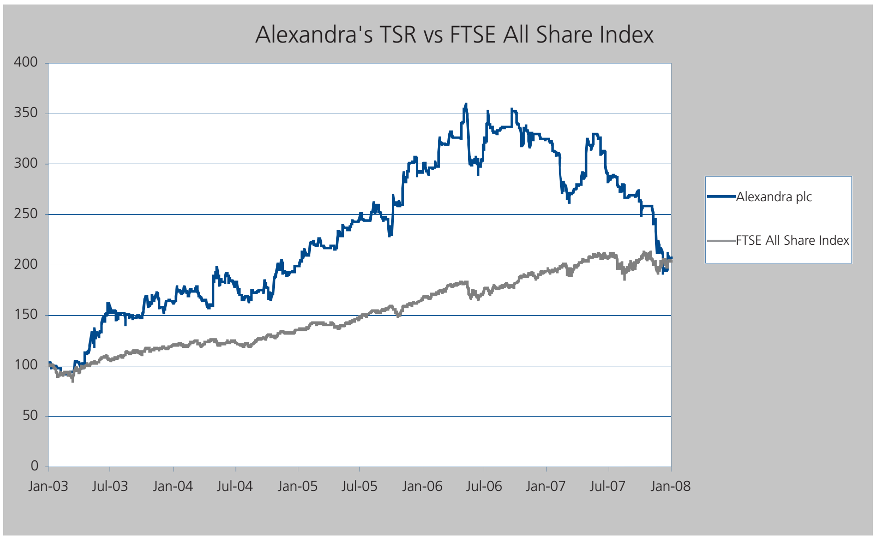
The Non-Executive Directors are on twelve months fixed term contracts which expire as follows:-

Mr C A Marsh - 31 March 2009
Ms E New - 18 April 2009

TOTAL SHAREHOLDER RETURN

The Directors' Remuneration Report Regulations 2002 require the presentation of a performance graph of the total shareholder return (TSR) compared to a comparator for a period of five years. The FTSE All Share Index has been selected as it is widely based and Alexandra supplies clothing to a wide range of industries.

The graph below shows relative total shareholder return of the Company over five years when compared with the FTSE All Share Index. TSR is calculated relative to the base date of 1 February 2003 by taking the percentage change of the market price over the relevant period and reinvesting any dividends at the ex-dividend date.



INFORMATION SUBJECT TO AUDIT

DIRECTORS' REMUNERATION

The remuneration of the individual Directors was as follows:-

	Salary and fees £000	Taxable benefits £000	Bonus £000	Pension contri-butions £000	2008 Total £000	2007 Total £000
Executive Directors						
J R Budd	**212**	**1**	**60**	**41**	**314**	334
K Gibbs	**155**	**-**	**40**	**11**	**206**	220
J Tucker (resigned 8 August 2007)	**62**	**4**	**-**	**2**	**68**	172
Non-Executive Directors						
C A Marsh	**46**	**-**	**-**	**-**	**46**	45
E New	**22**	**-**	**-**	**-**	**22**	16
	497	**5**	**100**	**54**	**656**	787
Directors employed by the Group during 2007 but not 2008					**-**	4
					656	791

In addition to his emoluments shown above, a termination payment of £55,600 was paid to Mr J Tucker.

DIRECTORS' PENSIONS

The following summary shows the amounts of accrued pension entitlements and the changes therein. These pension entitlements are calculated using the cash equivalent transfer value method, which is the method adopted in the Listing Rules of the Financial Services Authority.

	Total accrued pension as at 31 January 2008 £000	**Increase in accrued pension during the year £000**	Total accrued pension as at 31 January 2007 £000	**Transfer value at 31 January 2008 £000**	**Increase in transfer value less Director's contributions £000**	Transfer value at 31 January 2007 £000
J R Budd	**124**	**7**	112	**2,854**	**655**	2,079

The accrued pension figures relate to the Alexandra 1994 Pension Fund. The increase in accrued pension during the year excludes any increase for inflation.

DIRECTORS' INTERESTS

The Directors who held office at 31 January 2008 had the following beneficial interests in the Company's share capital:

	2008				2007	
	9 May		**31 January**		31 January	
	Shares	**Options**	**Shares**	**Options**	Shares	Options
J R Budd	**63,669**	**58,027**	**63,669**	**58,027**	59,169	58,027
K Gibbs	**20,900**	**-**	**20,900**	**-**	15,400	-
C A Marsh	**140,000**	**-**	**140,000**	**-**	100,000	-

The share options held by Mr J R Budd noted above were granted on 5 November 2002 under the Executive Share Option Scheme as approved by the shareholders at the AGM held on the 6 June 1994 and are exercisable as follows:

	As at 31 January 2008	As at 31 January 2007	Exercise Price (p)	Earliest Date for Exercise	Latest Date for Exercise
J R Budd	**58,027**	58,027	51.7	November 2005	November 2012

Exercise of the options is not dependent on any specific pre-determined criteria. Apart from those mentioned above no other options allotted to Directors lapsed unexercised or were exercised during the year or up to 9 May 2008.

The market price of the Company's shares at 31 January 2008 was 84.5p (2007:147.8p). The share price traded within the range from 78.5p to 158.0p during the financial year.

No Director had any interests in any contracts.

This report was approved by The Board of Directors on 29 May 2008 and signed on its behalf by:

On behalf of the Board
C A Marsh
Chairman
29 May 2008

NOTES

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